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88-1169

No. 88-

In The

Supreme Court of the United States

October Term, 1988

UNITED TRANSPORTATION UNION,

Cross-Petitioner,

v.

L. LEE BEARDSLY, et al.,

Respondents.

CROSS-PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

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QUESTIONS PRESENTED

1. Having determined that an action brought by a group of locomotive firemen to set aside a seniority implementing-agreement, entered into more than one and one-half years prior to the action's commencement, was barred by the analogous six-month limitation period of section 10(b) of the National Labor Relations Act, 29 U.S.C. § 160(b), and that their substantive claims did not lie in federal court, did the court below err in providing a remedy for the complaining firemen by ordering their claims be submitted to arbitration for a determination as to whether their rights were properly protected by the implementing agreement?

2. Having determined that a railroad yardmaster's claim was similarly time-barred and jurisdictionally deficient, did the court below err in providing a similar remedy where the yardmaster had resigned from service nearly three years prior to commencement of the action?

3. Did the court below err in vacating a Railway Labor Act arbitration award affirming a work equity seniority arrangement in an implementing agreement for railroad trainmen and switchmen in the absence of a finding of bad faith and collusion with the railroad?

4. Did the court below err in substituting its judgment for that of the union in finding the union constitution required the union to take a "unified position" in arbitration, in the absence of a finding of bad faith?

LIST OF PARTIES

The parties to the proceeding below, in addition to those listed in the caption, are as follows:

Plaintiffs/appellants

Francis E. Amiot
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Lloyd G. Andrews
Mike Arispe
Robert B. Bailey
John E. Beghtol
Donald E. Bisgaard
Angeline V. Boll
Anthony C. Brackey
Kenneth W. Brevig
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Kenneth W. Brown
John E. Brunskill
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William D. Dixon
Robert R. Doyle
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Robert L. Duncan
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Max A. Eads
Stephen R. Early
Paul E. Ellis
George R. Etherton
Randy E. Etherton
Joseph R. Fitzgerald
Don R. Foland
Tom A. Fox
Kenneth L. Frazier
Daniel J. Fuqua
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Tennis G. Gordon
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Richard L. Guile
Alten R. Hammett
Ted E. Hanke
Orville E. Harger
John R. Harrison

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Phillip H. Hein
William H. Hein
Earl F. Hill
Craig Harms Hornby
Debra Sue Hornby
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Harold E. Johnson
Lloyd E. Johnson
Robert L. Judge
Dale Martin Keith
John F. Keith
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Kenneth F. Kimberling
Harold L. King
James L. Knox
Kerry S. Knutsen
Charles E. Long
Larry D. Love
Robert W. Luth
James R. Maloney
James P. Manuel, Jr.
David R. McBroom
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Ralph L. McCoy
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Gary Grant Rogers
William E. Rosenstangle
Stephen D. Rosenstangle
Roger L. Rothamel
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Arnold M. Scheel
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Karl W. Seeburger
Leo T. Seehan
Robert W. Shaner
Jack L. Shelton
Allan P. Sherling
James L. Smith
E.D. Snyder
Wilbur Stanton
Ronald J. Stearns
Hugh V. Steele
Charles T. Stickler

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James L. Still
J.R. Stone
Dennis L. Stowe
John L. Strait
Paul W. Strawn
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Roger L. Swift
Eugene R. Thelen
Clyde R. Thomas
Allan J. Thompson
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Robert J. Tollakson
G.N. Troxel
Terry B. Turvold
Howard A. Tuttle
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John R. Vincent
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Marquis R. West
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Billy Ray Wiggins
Donnie R. Wilford
Billy G. Williams
Larry L. Williams
Max R. Williams
Robert Lee Wilson
David G. Yackle
Gary E. Yezek
Eldon Zitterlich

Defendants/appellees

Brotherhood of Locomotive Engineers
Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees (now named Transportation Communications International Union)
Railroad Yardmasters of America (a Department of the United Transportation Union)
Chicago and North Western Transportation Company is the wholly-owned subsidiary of the Chicago and North Western Corporation. Its subsidiaries and affiliates within the meaning of Rule 28.1 are Iowa Transfer Company, Kansas City Terminal Company, MT Properties, Inc., Peoria and Pekin Union Railway Company, Trailer Train Company, Transportation Data Exchange, Inc., ACE Limited, Railroad Association Insurance, Ltd., Transportation and Railroad Assurance Company, Ltd., TQ Group, and West Parcel Venture.

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CROSS-PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE EIGHTH CIRCUIT

Cross-Petitioner United Transportation Union ("UTU") respectfully requests that the Court issue a writ of certiorari to review the judgment of the United States Court of Appeals for the Eighth Circuit in this case.

OPINIONS BELOW

The opinion of the court of appeals upon rehearing is reported at 850 F.2d 1255 and is reproduced in the Appendix ("App.") at 1a to 46a. This opinion superseded the court's opinion of January 8, 1988, which is reported at 836 F.2d 1493 and is reproduced in the Appendix at 47a to 91a. The opinions and rulings of the United States

District Court for the Southern District of Iowa, dated April 16, 1985 and February 19, 1986, are unreported and, along with its order and judgment, are set forth at 93a to 127a of the Appendix.

JURISDICTION

The original decision of the court of appeals was filed on January 8, 1988. UTU, the Brotherhood of Locomotive Engineers ("BLE") and the involved rail carrier timely filed petitions for rehearing and hearing en banc on January 22, 1988. On June 15, 1988, the court of appeals entered a decision on rehearing that superseded its original opinion. BLE and the Chicago and North Western Transportation Company ("CNW") were granted leave to July 13, 1988 in which to file petitions for rehearing and hearing en banc. Those petitions were denied on September 14, 1988. App. at 92a. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1). Additionally, in filing this cross-petition, UTU relies upon Rule 19.5, and as required by Rule 21.1(e)(iii), states that the petition filed by BLE (No. 88-968) was received December 13, 1988, and the petition filed by CNW (No. 88-994) was received December 15, 1988.

STATUTES INVOLVED

Sections 105 and 102 of the Rock Island Transition and Employee Assistance Act (45 U.S.C. §§ 1004, 1017) and 45 U.S.C. §§ 797b, 797c and 797m are set forth in the Appendix at 128a-133a.

STATEMENT OF THE CASE

This case calls into question the authority of a court of appeals to bypass the effect of the statute of limitations announced by the Court in *DelCostello v. International Brotherhood of Teamsters*, 462 U.S. 151 (1983), and also to create a remedy for locomotive firemen represented by UTU by submitting to arbitration the determination whether their rights were adequately protected under the terms of an implementing agreement entered into on February 16, 1982 by CNW with BLE and UTU (as to firemen). This remedy was created as a result of the action of the court of appeals in setting aside both an arbitration award, dated May 20, 1983, and an interim implementing agreement entered into on October 22, 1980 by CNW with UTU for the crafts of conductors and trainmen. Although the respondent firemen were not parties to that agreement or arbitration, the court below determined that the same relief should apply to firemen even though the action was filed more than six months after the February 16, 1982 agreement had been executed and more than six months after any cause accrued as to each fireman who filed suit. The court of appeals also provided a remedy to a yardmaster represented by the Railroad Yardmasters of America ("RYA") (now a department of UTU) even though he had resigned employment nearly three years before the action was filed.

This case also calls into question whether a court may overturn the May 20, 1983 award in the absence of bad faith and carrier collusion, as indicated in *Glover v. St. Louis - San Francisco Ry.*, 393 U.S. 324 (1969), and whether, in the absence of bad faith, a court may substitute its judgment for that of the union in construing the requirements of a union constitution in requiring a

"unified position" in arbitration in the presence of competing claims.

BACKGROUND OF THE DISPUTE

The background of this dispute and the proceedings below are well stated in the petition filed by BLE in No. 88-968. They are substantially repeated below for convenience.

In 1979, the Chicago, Rock Island & Pacific Railroad Company ("Rock Island") went bankrupt. It was forced to discontinue service in September 1979. The Interstate Commerce Commission ("ICC") directed other railroads to provide temporary service over the Rock Island lines with the aid of federal funds. *Kansas City Terminal Ry. Co. - Directed to Operate - Chicago, R. I. & P. R.R. Co. Debtor,* 360 I.C.C. 289, 290 (1979).

Other railroads were unwilling to voluntarily acquire or operate the Rock Island lines if that would subject them to the significant employee protection obligations ordinarily imposed by the Commission in acquisition cases. *See e.g., In re Matter of Chicago, M. St. P. & P. R.R. Co.,* 713 F.2d 274, 278 (7th Cir. 1983), *cert. denied,* 465 U.S. 1100 (1984). On the other hand, the employee representatives were concerned, because the ICC had refrained from imposing any labor protection at all in certain abandonments, such as whole line abandonments in which the rail carrier closes its entire operation, as did Rock Island. *See Simmons v. ICC,* 697 F.2d 326 (D.C. Cir. 1983); *Northampton & Bath R.R. Co. - Abandonment,* 354 I.C.C. 784, 785-86 (1976); *Tennessee Central Ry. Co. - Abandonment,* 333 I.C.C. 443, 454 (1968).

On March 4, 1980 the railroads and unions entered into the so-called March 4th Agreement which had the

purpose of providing "a fair, equitable and complete arrangement for protection of Milwaukee and Rock Island employees taken into the employ of interim service operators and purchasing carriers signatory hereto and to enable the interim service operator or purchasing carrier to be operated in the most efficient manner. . . ." (J.A. 131).[1] The Agreement was to "constitute the complete labor protection obligation of a purchasing carrier to the bankrupt carrier employees who are taken into its employ." (J.A. 132). Former Rock Island employees, who applied to fill the purchasing carrier's "necessary additional manpower requirements by craft due to its taking over [the] Rock Island," were to be hired in seniority order, and procedures were established for the acquiring carrier and craft representative to allocate seniority between those persons and the acquiring carrier's incumbent employees on the basis of subsequently negotiated implementing agreements or, in lieu of reaching an implementing agreement, by placing the Rock Island employees at the bottom of the applicable seniority roster. (J.A. 133, 135-39). In addition, each employee of a bankrupt carrier hired under the March 4th Agreement was provided a monthly compensation guarantee equal to 80 percent of the employee's average monthly straight-time earnings for a maximum of three years. (J.A. 141-43).

During the early months of 1980, Congress also considered legislation to maintain service on the Rock Island and to provide for the transfer of portions of the bankrupt to stronger rail carriers. 126 Cong. Rec. S892 (daily

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[1] References to "J.A." are to the Joint Appendix before the court of appeals and those to "App." refer to the Appendix to this Cross-Petition.

ed. Feb. 4, 1980). These deliberations led to the Rock Island Transition and Employee Assistance Act, 45 U.S.C. §§ 1001 *et seq.*, on May 30, 1980. This Act gave, *inter alia*, the ICC power to authorize railroads to use the tracks and facilities of the Rock Island on a temporary basis, 45 U.S.C. § 1017, and a nationwide "first right of hire" for Rock Island employees seeking employment with other rail carriers, 45 U.S.C. § 1004. Although Congress sought to encourage the permanent acquisition of the lines, it did not want the Rock Island to become a drain on the federal treasury. *See e.g.*, 126 Cong. Rec. H2376 (daily ed. March 31, 1980). To induce these other carriers to take on Rock Island's operations, however, it was necessary, as in the Milwaukee Railroad Restructuring Act, 45 U.S.C. §§ 901 *et seq.*, to limit the acquiring carrier's obligations for employee protection. Being aware of the March 4th Agreement Congress did not impose any additional employee protection obligations upon acquiring railroads, other than the right of first hire. *See* 126 Cong. Rec. S2771 (daily ed. March 6, 1980) (statement of Sen. McClure); 126 Cong. Rec. S2280-81 (daily ed. March 6, 1980) (statement of Sen. Kassenbaum).

CNW'S OPERATIONS OVER ROCK ISLAND LINES

On March 18, 1980, the ICC authorized CNW to conduct temporary operations over certain portions of the former Rock Island lines. *See* I.C.C. Service Order No. 1445 (March 18, 1980) (J.A. 232). In this order, the Commission found the March 4th Agreement "adequately safeguards the interests of affected employees." *Ibid.* On May 30, 1980, the Commission, acting pursuant to Section

122 of the Rock Island Act passed that same day, authorized CNW to provide interim service over those former Rock Island lines immediately. *See* I.C.C. Service Order No. 1473 (May 30, 1980) (J.A. 252). Interim service was provided by CNW to June 20, 1983, when the Bankruptcy Court presiding over the Rock Island proceeding approved permanent acquisition by the CNW. CNW owns and continues to provide service over these lines.

Upon commencing operations over the Rock Island in March 1980, CNW provided the notifications required by the March 4th Agreement, including its determination of the additional manpower it decided it needed to perform interim service on the former Rock Island Lines. (J.A. 1363-64). To fill those requirements, CNW hired the most senior eligible Rock Island employees who applied and accepted jobs. Subsequently, CNW hired a number of other former Rock Island employees as "new hires" to fill positions arising from traffic requirements determined by the carrier to be caused by reasons other than the takeover of the Rock Island lines. (J.A. 1364).

Article II, Section 9 of the March 4th Agreement specifies, in part, that implementing agreements were to "be reached on each purchasing carrier concerning the manner in which seniority will be allocated in filling additional job assignments, between the purchasing carrier's employees and the bankrupt carrier employees hired by the purchasing carrier." Accordingly, CNW and the respective unions, including UTU, negotiated implementing agreements allocating seniority between former Rock Island employees hired pursuant to the March 4th Agreement and incumbent CNW employees. (J.A.

1364-65). On February 16, 1982, final implementing agreements for engine service employees (crafts of locomotive engineers and firemen) were signed by CNW with the two unions representing those employees (BLE and UTU-E). (J.A. 1365, 1399, 1416).

However, no final implementing agreement could be reached by CNW with UTU-T&C relative to ground service employees (crafts of trainmen and switchmen). Although an interim agreement had been reached on October 22, 1980, which gave former Rock Island trainmen employees hired under the March 4th Agreement preferential rights to a number of jobs attributable to the takeover of Rock Island lines, but not to other jobs, UTU representatives of the Rock Island objected. (J.A. 1365). The question as to how seniority should be allocated among the trainmen was submitted to arbitration under the Railway Labor Act. Both Rock Island and CNW trainmen participated in that arbitration. (J.A. 226, 268).

On May 20, 1983, the arbitrator appointed by the National Mediation Board issued his award. *Matter of Arbitration Between the Chicago and North Western Transportation Company and the United Transportation Union.* (J.A. 1355). The award rejected the claim of the former Rock Island trainmen for "strict dovetailing," which would have given them their hiring date on Rock Island as their seniority date on CNW, because dovetailing would have permitted the former Rock Island employees to displace many of the senior CNW employees from their jobs and to outbid CNW employees for jobs that were not due to the acquisition. (J.A. 1359-60). The arbitrator found that the March 4th Agreement "was designed to provide only limited relief to employees of failing railroads" and was

not intended to "place the employees of the acquiring railroad in a distinct disadvantage." (J.A. 1360). Finding dovetailing would interfere with the "vested seniority rights" of the senior CNW ground service employees, the arbitrator concluded dovetailing would be inconsistent with the March 4th Agreement. With some alteration, the Award of Arbitration Board No. 406 adopted the preferential rights that had been established by the October 22, 1980 interim agreement. (J.A. 1360-61). The award relating to ground service personnel was substantially similiar to the final implementing agreements which had already been entered into by BLE and UTU-E on February 16, 1982 for engineers and firemen.

PROCEEDINGS BELOW

Six complaints containing 158 individual counts were filed in behalf of 158 former employees of the Rock Island against CNW and four separate unions, one of which was the BLE. The first two cases, *Newton v. Chicago and North Western Transportation Company* and *Reece v. Chicago and North Western Transportation Company,* were started on November 18, 1983. The remaining four cases were filed on February 2, 1984, with additional plaintiffs thereafter added on April 25, 1984 by amended complaints. Each complaint asserted employment and seniority claims against CNW predicated upon Sections 105 and 122 of the Rock Island Transition and Employee Assistance Act, 45 U.S.C. §§ 1004 and 1017, and the March 4th Agreement, (J.A. 131-146). Each of the individual counts in the complaints also asserted a claim of unfair representation under the Railway Labor Act, 45 U.S.C. §§ 151 *et seq.*, against the union to which that plaintiff belonged on the

basis of the terms of the final implementing agreement. Of the 158 plaintiffs, 33 had been hired by the CNW in 1980 pursuant to the March 4th Agreement, 44 had been hired in 1980 or early 1981 but not pursuant to the March 4th Agreement, and 81 were never hired by CNW. Only those ground service employees hired under the March 4th Agreement (totaling 14 trainmen and switchmen) also alleged unfair representation by UTU in failing to provide adequate representation at the arbitration of their seniority rights.

In a series of rulings on dispositive motions, the district court dismissed all plaintiffs' claims. The claims under Section 105 of the Rock Island Act were held subject to the exclusive jurisdiction of the Railroad Retirement Board and the Railroad Adjustment Board by reason of 45 U.S.C. § 797c(g). The claims under Section 122 of the Rock Island Act were dismissed on the ground that the statute did not create a private right of action. The court held that the claims brought under the March 4th Agreement were claims as to the interpretation and application of a collective bargaining agreement and, therefore, within the exclusive jurisdiction of the Railway Labor Act arbitration set forth in 45 U.S.C. § 153. The district court held that the unfair representation claims, except the ground service employees' claim that UTU had breached its duty in the arbitration before Arbitration Board No. 406, had not been asserted within six months after their accrual and were barred by limitations. Subsequently, the district court granted summary judgment on the ground service employees' unfair representation claims. App. 126a.

In its opinion of January 8, 1988, the Eighth Circuit affirmed each of the rulings of the district court, including the ruling that the former Rock Island employees' unfair representation claims were time-barred:

> In terms of the unfair representation claims brought by the former Rock Island employees, we agree with the district court, both in that these claims are governed by the six-month statute of limitation set forth by the Supreme Court in *Del Costello v. International Brotherhood of Teamsters*, 462 U.S. 151 (1983) and that all of appellants' claims are thus barred.

836 F.2d at 1503.

Thus, the appellate court upheld the district court's ruling that the ground service employees' claims derived from alleged improprieties in the negotiation of the 1980 UTU-CNW interim agreement were time-barred. Nevertheless, the court proceeded to direct the district court to set aside both the award of Arbitration Board No. 406 and the UTU-CNW interim agreement on the ground that UTU had engaged in unfair representation. It held the arbitration invalid on the basis that the UTU had committed unfair representation as a matter of law by allowing both the CNW and the former Rock Island ground service employees to present their cases to Arbitration Board No. 406.

To reach this conclusion, the court below relied upon its own interpretation of Article 90 of the UTU Constitution. That article provides, in part, that where a line of a carrier is taken by another, the UTU officers "shall arrange for a fair and equitable division of the work," preserving "[p]rior seniority rights . . . to the extent possible," (836 F.2d at 1498, 1499 nn. 8 & 9). Even though

Article 90 does not preclude arbitration to make that determination and does not, on its face, express that "the union should have entered the arbitration with a unified position and actively sought [hiring date] seniority for Rock Island employees," the court rejected UTU's interpretation of its organic law. 836 at F.2d at 1507. Moreover, the court threw out the October 22, 1980 interim implementing agreement, because the language of the March 4th Agreement was "highly ambiguous" and the former Rock Island ground service employees belonging to UTU should, therefore, have been sponsored by UTU's International to "active[ly] and significant[ly] participat[e]" in those negotiations. 836 F.2d at 1507. Accordingly, the court directed the district court to set aside the award and the interim implementing agreement, to direct UTU to come up with a unified position relating to the seniority of ground service employees and to require negotiations between CNW and UTU and, upon the failure to reach agreement, the submission of the dispute to arbitration. *Id.* at 1508.

Notwithstanding the fact that the unfair representations claims of firemen and the yardmaster were time-barred and that the arbitration and interim agreement had no relevancy, the Eighth Circuit nevertheless stated: "Given the fact that the appellants' substantive claims cannot properly be brought in federal court, we now turn to the task of determining what remedies, if any, remain available to them." *Id.*, 1503.

Upon rehearing, the court of appeals substituted a revised opinion on June 15, 1988. As in its original opinion, the court relied upon the UTU arbitration to bootstrap a remedy for *all* former Rock Island employees

represented by the unions. Basically, the court on rehearing attempted to bolster its legal arguments for setting aside the UTU arbitration award on the basis that "in deferring to the fundamentally flawed agreement, the arbitrator's decision was not in any way derived from the 'wording or purpose of the collective bargaining agreement.'" 850 F.2d 1269. The court then proceeded to apply the remedy contained in its original opinion.

REASONS FOR GRANTING THE WRIT

I. THIS CASE MERITS REVIEW BY THIS COURT DUE TO THE CONFLICT OF THE DECISION BELOW WITH THE RATIONALE OF THIS COURT'S DECISIONS AND THE DISTINCTIVE ISSUE POSED BY THE GRANT OF THE COURT OF APPEALS OF A REMEDY FOLLOWING ITS DETERMINATION THAT THE CLAIMS WERE JURISDICTIONALLY BARRED.

In *DelCostello v. International Bhd. of Teamsters,* 462 U.S. 151 (1983), this Court held that Section 10(b) of the NLRA (29 U.S.C. 160(b)) should be applied as a general statute of limitations to actions against a labor union by its members for breach of the duty of fair representation. In so holding, this Court rejected as inappropriate in the area of labor law dealing with the duty of fair representation, the general principle that in the absence of a specific federal statute of limitations, the applicable statute of limitations in the forum state be used. *See, United Auto Workers v. Hoosier Cardinal Corp.,* 383 U.S. 696 (1966). The reason for this departure from general law in this area was: (1) the clear analogy of Section 10(b) of the NLRA to

a suit for the breach of the duty of fair representation; and (2) the federal policy at issue and the practicalities of litigation, i.e., that the national labor policy strongly favors a quick resolution of labor disputes of this type.

The circuit courts have uniformly held *DelCostello* to be applicable to hybrid claims against rail carriers and unions. *Linder v. Berge*, 739 F.2d 686 (1st Cir. 1984); *Sisco v. Consolidated Rail Corp.*, 732 F.2d 1188 (3rd Cir. 1984); *Hunt v. Missouri Pacific R.R.*, 729 F.2d 578 (8th Cir. 1984); *Welyczko v. U.S. Air*, 733 F.2d 239 (2d Cir.), *cert. denied*, 469 U.S. 1036 (1984). Additionally, *DelCostello* has been applied where only the union is sued for breach of the duty of fair representation. *Triplett v. Brotherhood of Ry. and Airline Clerks*, 801 F.2d 700 (4th Cir. 1986); *Ranieri v. United Transportation Union*, 743 F.2d 598 (7th Cir. 1984); *Erkins v. United Steelworkers of America*, 723 F.2d 837, 839 (11th Cir.), *cert. denied*, ___ U.S. __, 82 L.Ed.2d 825 (1984). This Court has not taken issue with the holdings in the Railway Labor Act cases to date. *See, West v. Conrail*, 481 U.S. ___, 95 L.Ed. 2d 32, 36-37 n.2 (1987).

The Court below acted in absolute disregard of *DelCostello, supra*, when it permitted firemen and a yardmaster to pursue a remedy that was clearly untimely sought. Though finding the six-month statute of limitations applicable to them, the court of appeals fashioned an additional arbitral remedy for them that they had not exercised heretofore.

The Court below also disregarded this Court's opinion in *Lodge 1424, International Ass'n of Machinists v. NLRB*, 362 U.S. 411 (1960), which held any unfair labor

practice charge seeking to prevent enforcement of a collective bargaining agreement was barred by the statute of limitations, since under section 10(b), the enforcement of the collective bargaining agreement constituted a suable unfair labor practice for six months following the making of the agreement. The Court noted that Congress thought that a six-month period for suit from the execution of the agreement promoted the policy of industrial peace and stable collective bargaining agreements.

In *Firestone Tire & Rubber Co. v. Risjord*, 449 U.S. 368 (1981), this Court stated:

> A court lacks discretion to consider the merits of a case over which it is without jurisdiction, and thus, by definition, a jurisdictional ruling may never be made prospective only. We therefore hold that because the Court of Appeals was without jurisdiction to hear the appeal, it was without authority to decide the merits.

Id., at 379.

The court of appeals clearly failed to confine itself to the permissible scope of its jurisdiction. It fashioned a remedy for parties (the firemen and yardmasters) who had failed to timely invoke the jurisdiction of the federal courts. This raises a question of exceptional importance. This Court should address the issue of the jurisdiction of courts of appeals where a remedy is provided for a jurisdictionally defective claim.

II. THE COURT OF APPEALS' DECISION VACATING THE 1983 ARBITRATION AWARD IS IN CONFLICT WITH *GLOVER V. ST. LOUIS SAN FRANCISCO R.*, 393 U.S. 324 (1969).

The court of appeals here granted the trainmen and switchmen appellants Railway Labor Act relief on their claim under the "March 4 Agreement" (between UTU and other rail unions, and various railroads, including CNW) and vacated the 1983 arbitration award made in arbitration proceedings conducted pursuant to Section 9 of Article II of that March 4 Agreement. The court acted to grant relief and vacate the award on the basis that UTU had engaged in unfair representation in regard to the arbitration proceeding. The court did not recognize the Railway Labor Act requirement of establishing collusion by the employer railroad in that unfair representation. In so doing the court of appeals is in conflict with the decision of this Court in *Glover v. St. Louis San Francisco R.*, 393 U.S. 324 (1969).

In *Glover*, it is recognized that in the absence of unfair representation, the federal courts generally have no subject matter jurisdiction over Railway Labor Act contract claims. And even in the circumstances where unfair representation by the union is shown, the courts still do not have subject matter jurisdiction under the Railway Labor Act of the contract claim against the railroad employer unless it is shown that there was both unfair representation by the union and collusion by the employer in that unfair representation.

This requirement of showing both unfair representation and collusion in order to proceed with the contract

claim is distinctly not the same legal framework as obtains under the Taft-Hartley Act, 29 U.S.C. 151 *et seq.* for obtaining relief in federal court as to labor contract enforcement. Under the latter Act, unlike the Railway Labor Act, the federal court has a specific grant of jurisdiction over an action to enforce a labor contract in Section 301 of the Act, 29 U.S.C. 185(a). See *Textile Workers v. Lincoln Mills,* 353 U.S. 448 (1957). Taft-Hartley Act cases have generally required exhaustion of obligatory contract arbitration procedures under Section 301 as those are part of the contract sought to be enforced. *Republic Steel v. Maddox,* 379 U.S. 650 (1965). But where there is union unfair representation in the arbitration, the exhaustion requirement under Section 301 is put to the side and the complainant is entitled to pursue the underlying Section 301 contract claim in the federal court. In such a case, there is no requirement whatever to show collusion to make the contract claim. *Vaca v. Sipes,* 386 U.S. 171 (1967).

No provision parallel to Section 301 exists under the Railway Labor Act. In the instant case, the court of appeals erroneously reviewed trainmen and switchmen appellants' Railway Labor Act contract action under standards and case law drawn from the Taft-Hartley Act with the plainly more expansive legal basis for obtaining federal court review over the contract claim. In short, the Court treated the Railway Labor Act claim as if it were a Section 301 claim.

This is manifest in the Opinion discussion. It is noted that there is no discussion of any collusion requirement and no collusion found. And the cases relied upon by the court to articulate the legal standard under which it acted

to vacate the arbitration award are Taft-Hartley Act cases. This includes primarily *Hines v. Anchor Motor Freight*, 424 U.S. 554 (1976). *Hines* involved a contract claim to vacate an arbitration award just as here and a claim just as here of union unfair representation in handling the claim. It is clear however that unlike in *Glover* there was no requirement in *Hines* under Taft-Hartley of showing employer collusion in the union's unfair representation. This Court in *Hines* upheld vacating the award based on the found unfair representation.

The standards for arbitration review under the Railway Labor Act are explicit and appear at 45 U.S.C. 153(p). The three grounds specified are failure to comply with the Act itself, lack of jurisdiction in the arbitration board, and corruption in the board. These standards have been deemed among the narrowest known to the law. *Union Pacific R.R. v. Sheehan*, 439 U.S. 89 (1978). This Court has recently underscored the narrow scope of judicial review even under the somewhat more lenient provisions of the Taft Hartley Act. *See, United Paperworkers v. Misco, Inc.*, ___ U.S. ___, 98 L.Ed.2d 286, 108 S.Ct. 364 (1987).

In this case the court did not address the *Sheehan* standards, but rather acted to vacate the arbitration award on the basis of the law in *Hines* under the Taft-Hartley Act, when in fact *Glover* should have been controlling with the collusion requirement.

III. THE COURT OF APPEALS, WITHOUT FINDING BAD FAITH, SUBSTITUTED ITS JUDGMENT FOR THAT OF THE UNION IN APPLYING ARTICLE 90 OF THE UTU CONSTITUTION TO THE POSITION TAKEN IN ARBITRATION, IN CONFLICT WITH THE LAW IN OTHER CIRCUITS.

The court of appeals further erred as to the law in finding that the trainmen and switchmen arbitration proceeding was affected by Article 90 of the UTU Constitution, and that as such, UTU was required to take a "unified" position at arbitration as to the manner of seniority allocation.

The court errs here in that the UTU had determined internally that this dispute was not an Article 90 proceeding but rather was a matter properly to be handled in accordance with the arbitration procedures of the March 4 Agreement. The arbitration proceeding was in fact held pursuant to the March 4 Agreement.

The law is well established that courts will not interpret the constitution of a labor organization (or other unincorporated association), but rather leave that to the organization itself, so long as there is no bad faith or arbitrary action. *Monzillo v. Biller,* 735 F.2d 1456, 1458 (D.C. Cir. 1984); *English v. Cunningham,* 282 F.2d 848 (D.C. Cir. 1960); *Busch v. Givens,* 627 F.2d 978 (9th Cir. 1980).

The court of appeals erroneously substituted its judgment as to the applicability of the Article 90 procedures for that of UTU without any basis in bad faith findings, in clear conflict with decision of other circuits.

Indeed, the approach of the court of appeals would mean that one of the groups would not get its side of the

story told to the arbitration panel. Under the view taken by UTU, both the CNW people and the Rock Island people had their cases presented in arbitration.

CONCLUSION

For the foregoing reasons, Cross-Petitioner United Transportation Union respectfully asks that the writ be issued as requested herein.

Respectfully submitted,

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APPENDIX

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UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

No. 86-1369,

L. Lee Beardsly,
Appellant,
v.
Chicago & North Western Transportation Co., et al.,
Appellees.

* * * *

Francis E. Amoit,
Appellant,
v.
Chicago & North Western Transportation Co., et al.,
Appellees.

Appeal From The United States District Court for the Southern District of Iowa.

No. 86-1370

John E. Reece, et al.,
Appellants,
v.
Chicago & North Western Transportation Co., et al.,
Appellees.

No. 86-1372

Jack L. Chambers, et al.,

Appellants,

v.

Chicago & North Western Transportation Co., et al.,

Appellees.

No. 86-1373

Roger L. Swift; Oscar D. Overton; W. R. Urton; Robert W. Luth; Mark R. Pomery; David G. Dickey; Terry B. Turvold and Clyde R. Thomas,

Appellants,

v.

Chicago and North Western Transportation Company; United Transportation Union, an unincorporated labor organization; and The Brotherhood of Locomotive Engineers, an unincorporated labor organization,

Appellees.

No. 86-1374

Harold L. King; James L. Knox; Steven Arthur Newton; George R. Etherton; Larry L. Williams; John F. Keith; and Joseph A. Rush,

Appellants,

v.

Chicago and North Western Transportation Company and The United Transportation Union, an unincorporated labor organization,

Appellees.

No. 86-1950

Vane Newton; Robert R. Bailey; Wayne A. Moore; Robert L. Duncan; Harold E. Johnson; Donald L. Kidd, Sr.; H. L. Kidd, Jr.; B. J. Rude; Max A. Eads; Jack E. Brown; Milton E. Capps; Wilbur Stanton; J. W. Burke, Jr.; E. D. Snyder; Daniel V. Middour; Donald P. McCaleb; Sam H. Dean; Donald E. Bisgaard; Robert W. Shaner; LaDon E. Crane; Roger L. Rothamel; Arnold M. Scheel; Frank M. Ramey; A. M. McQuade; Lloyd G. Andrews; Richard D.

Thorsland; John R. Vincent; Stephen R. Early; Leo T. Seehan; and Richard A. Nitcher; John E. Beghtol; Dennis E. Chaplin; Paul W. Strawn; Max R. Williams; David Yackle; Francis E. Amiot; James F. Ramsey; Allan P. Sherling; Jerry E. Payne; Richard A. Clark; Kenneth W. Brevig; Stephen D. Rosentangle and William H. Rosentangle,

Appellants,

v.

Chicago and Northwestern Transportation Company; United Transportation Union, an Unincorporated Labor Organization; and Brotherhood of Locomotive Engineers and (sic) Unincorporated Labor Organization,

Appellees.

No. 87-1325

Angeline V. Boll, Robert J. Tollakson and Dennis L. Stowe,

Appellants,

v.

Chicago and North Western Transportation Company, and Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees, an unincorporated labor organization,

Appellees.

Submitted: August 31, 1987

Filed: June 15, 1988

Before HEANEY, BOWMAN and WOLLMAN, Circuit Judges.

HEANEY, Circuit Judge.

I. OVERVIEW

One hundred fifty-eight former employees of the Chicago, Rock Island and Pacific Railroad (Rock Island or Rock Island Railroad) appeal from decisions of the United States District Court for the Southern District of Iowa dismissing or denying their claims against the Chicago & Northwestern Transportation Co. (CNW) and four railroad labor organizations.[1] The suits allege violations of a labor protective agreement and a United States statute,

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[1]The United Transportation Union, the Brotherhood of Locomotive Engineers, Railroad Yardmasters of America, and the Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employes.

both designed to protect the job status of the former Rock Island employees.

We affirm the district court insofar as it dismissed several of the actions for lack of jurisdiction. We reverse the district court's denial of appellant's request to vacate an arbitration decision between the CNW and the United Transportation Union (UTU) regarding former Rock Island ground service employees. We find that the terms of the October 22, 1980 seniority implementing agreement as affirmed by the arbitrator are invalid and direct that they be renegotiated. Finally, we hold the remaining employees have a right to arbitration, subject to the right of the CNW and the appellee unions to assert the defense of laches.

II. FACTUAL BACKGROUND

A. Attempted Reorganization, Interim Operation and Purchase of the Rock Island Railroad

In 1975, the Rock Island Railroad commenced reorganization proceedings. These efforts were unsuccessful. In September of 1979, the Interstate Commerce Commission (ICC) concluded that Rock Island had insufficient cash assets to continue its operations "in the face of national transportation requirements." On March 18, 1980, the ICC granted the CNW authority to conduct temporary operations over certain Rock Island lines from March 24

until May 31, 1980.[2] The ICC subsequently authorized the CNW to continue providing interim service over those lines until June 20, 1983, at which time a United States Bankruptcy Court approved the sale by the Rock Island trustee to the CNW of the lines upon which it had been conducting interim service.

B. The March 4th Agreement

On March 4, 1980, thirteen railroads who were operating or contemplating operations on Rock Island lines, including the CNW, entered into a labor protective agreement[3] with national representatives of rail labor organizations, including the national representatives of appellee unions involved in the present action.

The March 4th Agreement was designed to ease a potentially troublesome transition. The acquiring railroad agreed to make accommodations in terms of providing rights of first hire and seniority to the employees of the acquired company. In exchange, the international unions agreed to assure labor peace during the transition. Specifically, the stated purpose of this agreement was to provide:

---

[2]During this period, several other railroads were also given authority to conduct operations over other parts of the former Rock Island lines. *See Kansas City Terminal Ry. Co.—Directed to Operate Over—Chicago, R.I. & P. R.R. Co., Debtor,* 360 I.C.C. 289, 290 (1979).

[3]This agreement, entitled Labor Protective Agreement between Railroad Parties Hereto Involved in Midwest Rail Restructuring and Employees of Such Railroads Represented by the Rail Labor Organizations Operating through the Railway Labor Executives' Association, is reproduced in 1 Joint Appendix 131.

> a fair, equitable and complete arrangement for protection of . . . Rock Island employees taken into the employ of interim service operators and purchasing carriers signatory hereto and to enable the interim service operator or purchasing carrier to be operated in the most efficient manner, as set forth herein, immediately upon authorization for such operation.

March 4th Agreement at 1.

Article II of the Agreement provides that the purchasing carrier shall determine by craft its necessary additional manpower requirements "due to its taking over . . . [the] Rock Island lines." *Id.* at 3. The acquiring carrier further agreed to provide a detailed explanation of these needs, to "discuss" its requirements with representatives of the crafts employed by both the acquiring and acquired railroad, and to extend to employees of the acquired railroad the right of first hire in all work stemming from the acquisition. *Id.* This right of first hire was to accrue to employees in order of their seniority.[4]

---

[4]Specifically, Article II of the March 4th Agreement provides:

> A purchasing carrier shall determine its necessary additional manpower requirements by craft due to its taking over [the] Rock Island [line]. * * * Each of the determinations shall be discussed with representatives of the crafts on purchasing carrier and on the Rock Island * * * with detailed explanations to them of the basis for each determination prior to serving notice under paragraph 4 hereof.
>
> As a carrier determines its need for additional employees under this Article, it shall allow eligible employees in seniority order on the Rock Island * * * the first right of hire * * * dependent on whose trackage is involved and consistent with the purpose of Section 8 of the Milwaukee Railroad Restructuring Act. * * * In carrying out the purposes of this section, the purchasing carriers shall first utilize existing seniority rosters applicable to the appropriate craft and seniority district of the lines and territories involved in fulfilling employment needs in connection therewith.

Article II, section 9, of the Agreement sets forth procedures to determine job seniority for former Rock Island employees hired by the CNW. It states:

> [A]greements will be reached on each purchasing carrier concerning the manner in which seniority will be allocated in filling additional job assignments, between the purchasing carrier's employees and the bankrupt carrier employees hired by the purchasing carrier.

C. The Rock Island Railroad Transition and Employee Assistance Act—RITEA

On May 30, 1980, the President signed into law the Rock Island Railroad Transition and Employee Assistance Act (RITEA) Pub. L. No. 96-254, 94 Stat. 399 (1980) (codified as amended at 45 U.S.C. § 1001). The purpose of this act was twofold: (1) to protect the interests of former Rock Island employees and (2) to protect the railroads against labor strife and ensure continued operation of the lines formerly controlled by the Rock Island railroad.[5]

---

[5]Under the "Congressional Findings" section, the Act states:

> (1) uninterrupted continuation of service over Rock Island lines is dependent on adequate employee protection provisions covering Rock Island Railroad employees who are not hired by other railroads;
>
> (2) for those Rock Island Employees not hired by other rail carriers, there is no other practicable means of obtaining funds to meet the necessary costs of such employee protection that are assumed by the Rock Island Railroad;
>
> (3) a cessation of necessary operations of the Rock Island would have serious repercussions on the economies of the States in which such railroad principally operates; and

(Continued on following page)

Section 105 of the Act, 45 U.S.C. § 1004, entitled "Railroad Hiring," provides a broader right of first hire than the March 4th Agreement. Where the March 4th Agreement limits the right of first hire to work stemming from the acquisition of the Rock Island, RITEA provides a blanket right of first hire to former Rock Island employees.[6] Specifically, it states that former employees of the Rock Island:

> shall, unless found to be less qualified than other applicants, *have the first right of hire by any other rail*

(Continued from previous page)

> (4) premature cessation of services over lines which are the subject of pending purchase application would result in harm to the shipping public and could imperil continuation of vital commuter service.

RITEA § 102, 45 U.S.C. § 1001.

[6]The House conference report accompanying RITEA describes the purpose of Section 105 in the following terms:

> SECTION 105—RAILROAD HIRING
>
> *Senate Bill.*—Section 105 of the Senate bill is based on a similar provision in the Milwaukee Railroad Restructuring Act. *It provides for priority hiring of Rock Island employees unless they are found less qualified than other applicants* or unless such priority hiring would interfere with a carrier's equal opportunity employment obligations.
>
> *House Amendment.*—The House amendment . . . is also patterned after the Milwaukee Railroad Restructuring Act. It specifically states that rights afforded to Rock Island employees under this section shall be coequal to rights afforded Milwaukee employees.
>
> *Conference Substitute.*— * * * In general, this section is intended to insure that eligible Rock Island employees will be hired without delay or discrimination. The successful implementation of this provision depends upon the full cooperation of other carriers.

H.R. Conf. Rep. No. 96-1041, 96th Cong., 2d Sess. 25 (1980) (emphasis added).

> *carrier that is subject to regulation by the [ICC] for any vacancy* that is not covered by [an affirmative action plan].

45 U.S.C. § 1004 (emphasis added).

On January 14, 1983, the arbitration provision of the Regional Rail Reorganization Act, 45 U.S.C. § 797(c)(g), was amended to subject disputes regarding the right of first hire under RITEA to mandatory arbitration. *See* Rail Safety and Service Improvement Act of 1982, Pub. L. No. 97-468, § 235, 96 Stat. 2543, 2547 (1983). Prior to this time, an action could theoretically be brought in federal court to enforce this right. *See Brotherhood of Locomotive Engineers v. Burlington Northern*, 580 F. Supp. 797 (D. Colo. 1984).

A. Propriety of Implementing Agreements Negotiated Under the March 4th Labor Protective Agreement

1. Factual Background

To understand appellants' claims concerning the validity of the implementing agreements negotiated under the authority of the March 4th labor protective agreement, it is important to take note of certain circumstances surrounding the negotiation of these agreements. Specifically, the effect of the closing and consolidation of local unions must be understood, as well as obligations imposed on the negotiating unions by their own constitutions.

a. National Unions Close Down Local Rock Island Locals

Shortly after the March 4th Agreement and RITEA went into effect, the international unions here involved

closed down or consolidated many of the locals serving former Rock Island employees. They maintain these closings or consolidations were an economic necessity because members had ceased paying dues. *See* Affidavit of Robert L. Hart, 5 Joint Appendix 1057, 1057-58. The appellants maintain that the closing or consolidation of the locals resulted from a conspiracy among the international unions, the CNW, and the local unions representing CNW employees to undermine the bargaining strength of the former Rock Island employees. *See generally,* 1 Joint Appendix 16-130. As evidence of this, they note that local union officials were unavailable to file grievances and that representatives of the internationals engaged in a pattern of falsely assuring former Rock Island employees that action would be taken on grievances. *Id.* Further, appellants maintain that in the confusion and consolidation, they were not informed of the safeguards, such as the March 4th Agreement and RITEA, enacted to assure their job-related rights. *Id.* Whatever the reasons for the closings or consolidations, they clearly made it more difficult for the former Rock Island employees to understand their rights and to determine whether they were being adequately protected by their internationals.

b. The United Transportation Union Constitution

Article 85 of the United Transportation Union (UTU) Constitution[7] provides that the General Chairman empow-

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[7]Article 85 of the UTU Constitution provides in relevant part:

(Continued on following page)

ered to make a "systems" agreement, such as the implementing agreements involved in the present dispute, must poll the "affected Local Chairmen", i.e. the Chairmen for the CNW employees and the Rock Island employees, prior to signing such an agreement and be governed by the majority of votes cast. Moreover, in negotiating such agreements, the seniority of employees of acquired railroads is to be preserved to "the extent possible".[8] In addition, Article 90 mandates that all intra-union disputes surrounding an acquisition or merger be resolved internally by the union. This ensures that a unified position can be established with respect to these disputed issues and preserves

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(Continued from previous page)

> The General Chairman must poll the entire General Committee prior to signing any system agreements and be governed by the majority of the votes cast. The General Chairman must poll the affected Local Chairmen prior to signing any local agreements and be governed by the majority of the votes cast.

See Joint Appendix 315, 347 (emphasis omitted).

[8]Article 90 of the UTU Constitution provides in relevant part:

> When, through lease, purchase, merger, consolidation or other cause, a line or lines of a carrier or a portion thereof is taken over by another carrier or where, because of establishment of a new line by an existing carrier or for other reasons traffic is permanently diverted from one carrier to another or from one road and/or yard seniority district to another on the same carrier and such affects the seniority rights of employees on such carriers, General Committees of Adjustment shall arrange for a fair and equitable division of the work. *Prior seniority rights of employees to service on their former seniority district or territory shall be preserved to the extent possible.*

See Joint Appendix 315, 348-49 (emphasis added).

internal union authority over the interpretation of its constitution.[9]

2. Negotiation of the Implementing Agreements

Pursuant to Article II of the March 4th Agreement, the CNW sought to conclude implementing agreements with respect to the relative seniority rights of its employees and the former employees of the Rock Island Railroad it had hired. Although the CNW did involve the union representatives of the former Rock Island employees in preliminary discussions, these representatives were not present when the final agreements were reached, were not parties to these agreements, and had virtually no control over the terms of these agreements.

---

[9]Article 90 continues:

> Disputes arising under this Article which cannot be resolved by the General Committee or General Committees shall be referred to the International President. The International President shall promptly assign an officer to assist the General Committees involved in resolving the dispute. Failing to resolve the dispute the officer shall make a complete report and recommendation to the International President who, in turn, shall decide the dispute.
>
> Any local or member of a local affected by an action or decision of a Chairman, Sub General Committee or General Committee, or by the decision of the International President with respect to the Article may appeal such action or decision to the Board of Appeals, provided such appeal is filed with the General Secretary and Treasurer within ninety (90) days from the date of the action or decision. The Chairman, Sub General Committee, General Committee, or International President, as the case may be, shall be allowed thirty (30) days from the date the appeal is filed in which to reply to the appeal. The parties involved in an appeal shall exchange copies of the appeal and reply to the appeal.

Final implementing agreements with engine service employees represented by the the Brotherhood of Locomotive Engineers (BLE) and the UTU were signed by the CNW General Chairmen for the BLE and the UTU on February 16, 1982. *See* 7 Joint Appendix 1399.

On October 22, 1980, the CNW and two UTU General Chairmen of the Committee of Adjustment for the CNW—G. R. Maloney and Thomas Q. Ryan—signed an interim agreement. This agreement determined the relative seniority rights of former Rock Island employees and employees of the CNW in terms of ground service work.

3. Arbitration of UTU Rock Island Ground Service Employees

a. The Arbitration Proceeding

On April 15, 1981, the General Chairman of the Committee of Adjustment for UTU Rock Island, Ralph Tambaro, sent a letter to the CNW objecting to the October 22, 1980 interim implementing agreement insofar as it related to ground service employees. *See* 7 Joint Appendix 1437. He objected, in part, because the agreement had been reached without the participation of the union representatives of former Rock Island employees and, in part, because it failed to give Rock Island employees seniority rights to which they felt entitled under the March 4th Agreement. Tambaro demanded arbitration pursuant to Article II, section 9(b) of the March 4th Agreement. On May 4, 1981, the CNW received a second letter from Fred Hardin, the International President of the UTU, seeking to invoke the same arbitration procedure on behalf of former Rock Island ground service employees. On May

18, 1981, Hardin by letter indicated that R.M. Crago, UTU International Vice President, would represent the UTU's Rock Island employees in the arbitration, but would not act as a representative of the international union.

Next, the CNW and CNW-UTU filed suit to stop this arbitration and succeeded in delaying it or approximately one and one-half years. *See Chicago and Northwestern Transportation Co. v. United Transportation Union,* C.A. 81-2472 (D.D.C.); *see also* Supplemental Affidavit of Robert W. Schmiege, 7 Joint Appendix at 1496. Thereafter, the arbitration went forward. The CNW and representatives of the Rock Island and the CNW ground service employees participated in the arbitration, which was conducted between February 23 and 25, 1983, by a neutral arbitrator appointed by the National Mediation Board. *See* Arbitration Board No. 406, *Matter of Arbitration Between the Chicago and Northwestern Transportation Company and The United Transportation Union,* at 2 (May 20, 1983) (Arbitration) (*see* 2 Joint Appendix 267). Although the UTU constitution required the union to enter the arbitration with a unified position, the arbitration consisted of a contest between the Rock Island UTU representatives and the CNW-UTU representatives, with the international union playing no significant independent or authoritative role.

b. The Tucumcari Case

Shortly after the matter was submitted to arbitration, but several months before the arbitrator rendered a decision, a relevant internal dispute was being resolved within the UTU. In UTU Board of Appeals Case No. 64, File 8-8-54 (March 11, 1983) (*Tucumcari*) (*see* 2 Joint Appen-

dix 441), former employees of the Rock Island challenged an implementing agreement quite similar to those involved in the case before us.

In *Tucumcari,* a segment of the former Rock Island railroad called the Tucumcari line had been purchased after a period of interim operation by the St. Louis Southwestern Railroad (SSW) on March 24, 1980. Pursuant to the terms of the March 4th Agreement, a subsequent implementing agreement was reached purporting to establish a seniority scheme for the former Rock Island employees.

The implementing agreement was signed by General Chairman R. H. Arnett, on February 23, 1982. Arnett was the representative of the SSW-UTU, the acquiring company's union, and had never represented Rock Island employees. As in the present case, the agreement gave former Rock Island employees seniority dates as of their first day of work for the SSW.

Two former Rock Island employees, J. W. Volkman and J. T. Kelso, brought an internal appeal within the UTU. They alleged that the implementing agreement was contrary to the terms of the March 4th Agreement. They argued, *inter alia,* that the agreement was improper because Arnett represented only employees of the acquiring company and not the Rock Island employees. They also maintained that the March 4th Agreement contemplated greater seniority rights than were provided by the February 23, 1982 implementing agreement.

The Board of Appeals held for Volkman and Kelso and, in reforming the terms of implementing agreement, stated that "all employee representatives" should partici-

pate in the negotiation of implementing agreements. *Id.* at 16. Second, the Board found that the former Rock Island employees were entitled to a seniority date as of the day they were hired by the Rock Island. Specifically, the Board stated:

> In this case of acquisition, prior rights are of paramount concern. To place a termination date on those prior rights would not only be a travesty of justice but also would contravene the very concepts of seniority and prior rights.

Id. at 18. The Board continued:

> This Board also finds the former employees should be given the seniority dates of their earliest employment date, i.e., the seniority date carried on the Rock Island. Without extensive elaboration, we feel this would not be too hard to accomplish.

Id.

c. The Arbitrator's Decision

The arbitrator issued his award in the ground service employees' dispute on May 20, 1983. Without notice of the UTU's centrally announced position in *Tucumcari* and without reference to the UTU Constitution, the arbitrator declared that the October 22, 1980 implementing agreement met the requirements of the March 4th Agreement. Moreover, at the arbitration, the Rock Island employees contended they were inadequately represented, under the terms of the March 4th Agreement, in the negotiation of the implementing agreements. The arbitrator simply deferred to the position of the acquiring union. In his analysis of this claim, the arbitrator characterized this very serious situation as merely "unfortunate." Specifically he stated:

> Full opportunity was given to all representatives of these employees to further discuss this matter with the Carrier in order to reach an implementing agreement. Unfortunately, with respect to the crafts here involved only the C&NW—UTU representative reached an understanding with the Carrier. This does not mean, however, that the UTU representatives of former Rock Island employees were not afforded the fullest opportunity to make their case with respect to the allocation of additional manpower.

Arbitration at 4.

Thus, the arbitrator inexplicably appeared to believe, because the Rock Island employees could "talk" to the carrier, that agents of the acquiring unions could properly and adequately represent the former Rock Island employees in the seniority negotiations. In doing so, he never noted that the agents of the acquiring unions represented constituencies with absolutely adverse interests.

Finally, in contravention of the intent of the March 4th Agreement, the UTU Constitution, and *Tucumcari,* the arbitrator declared that any notion of prior rights of dovetailing of seniority would be improper and that employees of bankrupt railroads were only entitled to limited relief. He therefore affirmed, with a few insignificant modifications, the terms of the October 22, 1980, implementing agreement.

Having set forth the factual background of the present dispute, we turn to resolving the specific legal claims of the parties.

III. JURISDICTIONAL ARGUMENTS COMMON TO ALL APPELLANTS

A. Overview

All appellants in this action assert violations of the March 4th Agreement and RITEA. With one exception, they sought redress for their grievances in federal court without first resorting to arbitration. Appellants outline several legal theories in support of federal court jurisdiction. Each is unavailing.

B. Section 105 of RITEA Does Not Create a Right of Action in Federal Court

First, the former Rock Island employees claim that Section 105 of RITEA, 45 U.S.C. § 1004, adopted May 30, 1980, creates a right of action in federal court. Section 105 states:

> (a) Each person who is an employee of the Rock Island Railroad on August 1, 1979, and who, prior to January 1, 1981, is separated or furloughed (other than for cause) from his employment with such railroad * * * as a result of a reduction of service by such railroad * * * shall, unless found to be less qualified than other applicants, have the first right of hire by any other rail carrier that is subject to regulation by the Commission for any vacancy [not covered by an affirmative action plan].

On January 13, 1983, 45 U.S.C. § 797(c)(g) was amended to subject this right to arbitration. *See* Rail Safety and Service Improvement Act of 1982, Pub. L. No. 97-468, § 235, 96 Stat. 2545, 2547 (1982). The amended statute provided:

> Any dispute, grievance or claim arising under * * * section 1004 of this title (45 U.S.C. sec. 1004)

shall be subject to resolution in accordance with the following procedures:

(1) Any employee with such a dispute, grievance, or claim may petition the [The Railroad Retirement] Board to review and investigate the dispute, grievance, or claim.

(2) The Board shall investigate the dispute, grievance, or claim, and if it concludes that the employee's rights under * * * section 1004 of this title may have been violated, the dispute, grievance, or claim shall be subject to resolution in accordance with the procedures set forth in section 153 of this title.

(3) In the case of any violation of * * * section 1004 of this title, the Adjustment Board (or any division or delegate thereof) or any other board of adjustment created under section 153 of this title shall, where appropriate, award such relief, including back pay, as may be necessary to enforce the employee's rights.

45 U.S.C. § 797(c)(g) (emphasis added).

Based on the foregoing, the appellants claim that the language "shall be subject to" is permissive rather than mandatory. We agree fully with the district court and find that the language of 45 U.S.C. § 797(c)(g) is clearly mandatory and that appellants' arguments in this regard are frivolous.

C. The Rock Island Employees Do Not Have a Vested Right to an Action in Federal Court

The appellants also contend that during the interim period between the date RITEA became law on May 30, 1980, and the date the right of first hire became subject to arbitration on August 13, 1983, the Rock Island employees had a vested right to bring an action in federal

district court under 28 U.S.C. § 1331 that could not be eliminated by a later amendment of the law. We disagree.

The Supreme Court has clearly stated:

> [W]hen the jurisdiction of a cause depends upon a statute the repeal of the statute takes away jurisdiction. And it is equally clear, that where a jurisdiction conferred by statute, is prohibited by a subsequent statute, the prohibition is, so far, a repeal of the statute conferring jurisdiction.

Merchants' Insurance Co. v. Ritchie, 72 U.S. (5 Wall.) 541, 544-45 (1867).

Moreover, a closely related issue was decided in the case of *Brotherhood of Locomotive Engineers v. Burlington Northern,* 580 F. Supp. 797 (D. Colo. 1984). There the district court was faced with the issue of what happened to pending claims in federal district court after 45 U.S.C. § 797(c)(g) had been amended to require arbitration for these claims. The court, after thorough review of the authorities, found that claims brought correctly in federal court before the enactment of the arbitration provision lacked jurisdiction after its effective date.

Clearly, jurisdiction was withdrawn in the present case by the amendment of 45 U.S.C. § 797(c)(g). Appellants' case was not even properly pending in federal court at the time of the amendment. Thus, there is no conceivable basis for jurisdiction under any vested rights theory.

D. Section 122 of RITEA Does Not Create A Private Right of Action

The former Rock Island employees next contend that section 122 of RITEA creates a cause of action in federal court. We disagree.

Section 122 of the Act, 45 U.S.C. § 1017, provides:

> The Commission may authorize any rail carrier willing to do so voluntarily to use the tracks and facilities of a carrier which * * * was the subject of a proceeding pending under section 77 of the Bankruptcy Act or under subchapter IV of Chapter 11 of Title 11. The use of such tracks and facilities shall be under the terms of compensation as the carriers establish between themselves, or if the carriers are unable to agree under such terms of compensation as the Commission finds to be reasonable. * * *
>
> In carrying out the provisions of this section, the Commission shall require, to the maximum extent practicable, the use of the employees who would normally have performed work in connection with the traffic subject to the action of the Commission.

Section 105 already creates a cause of action. *See* 42 U.S.C. § 1004. It is unlikely that, without some additional special purpose, Congress intended to create a duplicative action. Moreover, the language of section 122 only authorizes the ICC to act and does not support an interpretation which would provide jurisdiction for individual suits.

In a related argument, appellants contend that section 122 and 28 U.S.C. § 1336[10] together create federal court jurisdiction over their claims. We again disagree.

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[10]28 U.S.C. § 1336 provides in relevant part:

(Continued on following page)

Section 1336 of 28 U.S.C. permits the federal courts jurisdiction over causes of action elsewhere enumerated. It says nothing about causes of action based on alleged violations of section 122 or of ICC orders issued pursuant thereto. Moreover, the Supreme Court has repeatedly held that jurisdictional statutes such as 28 U.S.C. § 1336 do not of themselves establish a private right of action. *See Touche Ross & Co. v. Redington*, 442 U.S. 560 (1979); *Montana-Dakota Utilities Co. v. Northwestern Public Service Co.*, 341 U.S. 246 (1951).

E. Plaintiff's Unfair Representation Claims are Barred by the Statute of Limitations

In terms of the unfair representation claims brought by the former Rock Island employees, we agree with the district court, both in that these claims are governed by the six-month statute of limitation set forth by the Supreme Court in *Del Costello v. International Brotherhood of Teamsters*, 462 U.S. 151 (1983).

Thus, the claims of only one group of appellants have been preserved. The statute of limitations on the ground service employees suit began to run on May 20, 1983, the date the arbitration award was issued. They brought their action on November 18, 1983, two days before the expiration of the six-month limitation period. Thus, their

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(Continued from previous page)

(a) Except as otherwise provided by Act of Congress, the district courts shall have jurisdiction of any civil action to enforce, in whole or in part, an order of the Interstate Commerce Commission, and to enjoin or suspend, in whole or in part, an order of the Interstate Commerce Commission for the payment of money or the collection of fines, penalties, and forfeitures.

claims are preserved. *See Stafford v. Ford Motor Co.*, 835 F.2d 1227, 1232-33 (8th Cir. 1987).

IV. REMEDIES AVAILABLE TO APPELLANTS

A. Overview

Given the fact that the appellants' substantive claims cannot properly be brought in federal court, we now turn to the task of determining what remedies, if any, remain available to them.

For purposes of resolving this question, the 158 individual claimants involved in the present action are best divided into three categories: March 4th Agreement appellants, non-hire appellants, and new-hire appellants.

1. The March 4th Agreement Appellants.

The March 4th Agreement appellants are thirty-three individuals hired by the CNW who claim they were not given adequate seniority under the March 4th Agreement. This group can be subdivided into two classes: the ground service employees and the engine service employees.

a. The Ground Service Employees

Nine of the thirty-three March 4th appellants were former ground service employees of Rock Island represented by the UTU. These employees were subjct to the October 22, 1980 interim implementing agreement. They claimed that this implementing agreement was improper for several reasons and went to arbitration to protest its terms. Their claims were rejected by the arbitrator.

b. The Engine Service Employees

Twenty-four of the March 4th appellants were former engine service employees represented by both the UTU and the BLE. These employees were subject to two February 16, 1982 implmenting agreements reached between the CNW and their respective unions. These employees, like the ground service employees, claim that the implementing agreements governing their seniority were improper. These appellants, however, did not take their protests to arbitration.

2. The Non-Hire Appellants

This group comprises eighty-one employees who applied for employment with the CNW in 1980 or 1981 for available positions but were not hired. Instead, the CNW hired persons without prior service on either the Rock Island or the CNW. This group claims they had a right to be hired both under the March 4th Agreement and Section 105 of RITEA, 45 U.S.C. § 1004.

3. The New-Hire Appellants

This group is made up of forty-four former Rock Island employees taken on by the CNW as "new hires" for work the CNW claims did not arise out of the acquisition of the Rock Island. These appellants claim a deprivation of seniority rights under the terms of the March 4th Agreement.

B. The Arbitration of the Ground Service Appellants

The March 4th ground service employees contend that the arbitration proceeding of May 20, 1983, was improper and must be vacated. We agree.

1. The Duty of Fair Representation

In order to establish unfair representation by a union, the claimants must show that the union's representation was "perfunctory, arbitrary, discriminatory, or in bad faith." *International Brotherhood of Electrical Workers v. Foust,* 442 U.S. 42, 47 (1979). A union representing a majority bargaining coalition owes a strict supplementary duty of fair representation to the position of a minority group within the coalition with interests adverse to the majority. In *Steele v. Louisville & Nashville R.R.,* 323 U.S. 192 (1944), the Supreme Court held "that the organization chosen to represent a craft is to represent all of its members, the majority as well as the minority and is to act for and not against those whom it represents." *Id.* at 202. Further, in *Vaca v. Sipes,* 386 U.S. 171, 177 (1967), the Court declared:

> [T]he exclusive agent's statutory authority to represent all members of a designated unit includes a statutory obligation to serve the interests of all members without hostility or discrimination toward any, to exercise its discretion with complete good faith and honesty, and to avoid arbitrary conduct.

This duty to the interests of an adverse minority is perhaps most thoroughly delineated in the case of *Jones v. Trans World Airlines,* 495 F.2d 790 (2d Cir. 1974). In *Jones,* the Second Circuit found a breach of the duty of fair representation by a union representing an adverse minority group sufficient cause to set aside the seniority provisions of a collective bargaining agreement.

In *Jones,* Trans World Airlines (TWA) entered into a collective bargaining agreement with the International

Association of Machinists and Aerospace Workers International Union (IAM) in January of 1970. Prior to this time, certain employees titled "passenger relations agents" had not been asked to join a union and were not required to join a union under the union security clause in effect at that time. Moreover, prior to that time, the collective bargaining agreement provided that all employees would hold job senioriy status as of the date of their job assignment.

Under the terms of the new agreement, the work of passenger relations agents was included within the jurisdiction of the IAM in the "guards" bargaining unit. TWA and IAM further agreed that the passenger relations employees would be treated as new hires for the purpose of seniority. The effect of this was to make any IAM members who wished to transfer to the job of passenger relations agent senior to all non-IAM employees who had previously held these positions, despite the fact that the old contract fixed seniority by the date of assignment to a given job classifcation.

In June of 1970, TWA announced that the passenger relations jobs were guard vacancies. Twelve members of the IAM guard unit bid for the jobs and were given seniority as of the date they assumed the duties of passenger relations agents, i.e. June 22, 1970. The rest of the jobs were filled by non-IAM workers who were then holding these positions. These workers were given seniority as of the dates they joined the union, generally sometime in July or August of 1970. When the new union members found out they had less seniority than the twelve newcomers to their department, they brought an action in district court

claiming that the unions had unfairly represented them. The district court denied relief.

The Second Circuit reversed. The court found that the only characteristic that distinguished the new union members from the employees afforded greater seniority was the fact of union membership prior to the January 1970 collective bargaining agreement. The court termed this sort of discrimination in the negotiation of seniority "arbitrary and invidious" and found that such conduct "violate[d] the unions' duty to represent fairly all members of the bargaining unit." *Id.* at 797.

The court declared that, while the standard for unfair representation generally involves arbitrary, perfunctory, or discriminatory conduct, the union must meet a higher standard when the interests of an adverse minority are affected. Specifically, the court said the union representative must provide "substantive and procedural safeguards" for the minority group.

> [I]t is evident that a union may breach its duty of fair representation by actions other than those motivated by anti-minority animus. While it is true that situations in which a union violates its duty have been identified by such phrases as "hostile discrimination," * * * and "arbitrary, discriminative," or "bad faith" conduct, * * * these phrases do not delimit the specific categories of violations of the duty of fair representation. They only serve to emphasize that the union has broad discretion to adjust the demands of competing groups within its constituency as long as it does not act arbitrarily. * * *
>
> *In the instant case, the IAM's duty to the appellants was broader than a mere duty not to negotiate the 1970 contract seniority provisions out of hostility*

> *toward them. The objectives of the duty of fair representation is to provide substantive and procedural safeguards for minority members of the collective bargaining unit.*

Id. at 798 (citations omitted and emphasis added).

The court then declared that the seniority of the former passenger relations employees should be determined as of the date of original job assignment.

2. Impropriety of the October 22, 1980 Interim Implementing Agreement

The October 22, 1980 implementing agreement was negotiated by representatives of CNW employees in contravention of the terms and the purpose of the March 4th Agreement and it was thus hopelessly flawed.

The March 4th Agreement was designed to fill a practical necessity by easing the potentially troubled transition period during which the CNW acquired the Rock Island Railroad. The purpose of the March 4th Agreement was to provide the CNW labor peace in exchange for accommodation in terms of jobs and seniority for the former employees of the Rock Island Railroad. Thus, the terms of the March 4th Agreement were not a gratuitous gesture by the CNW to the former Rock Island employees, but represented "bargained-for" consideration in the truest sense of the term.

When a highly unionized rail carrier takes over the trackage of another highly unionized carrier, whether by merger or acquisition, unless assurances are made to the employees of both acquiring and acquired railroads, labor dislocation and strife is likely to be bitter and endemic.

First, the employees of the acquired company face the personally devastating prospect of losing long-standing valued seniority rights and, more importantly, of losing jobs. In such a period, displaced employees are likely to force the representatives of their local and international unions into using pressure tactics to force the acquiring company into some sort of an accommodation, both in terms of rights to hire and job seniority. The acquiring companies are very susceptible in this sort of pressure, because they themselves are highly unionized—generally with the same unions as the acquired company. In addition, they are dependent on the skilled labor force which the union dominates.

The complication, however, does not end here. On the other side of the coin, the incumbent employees of the acquiring companies are likely to feel threatened by the hiring of new employees with advanced seniority rights and are likely to demand some sort of firm assurance, both in terms of their job status and vested authority rights.

To settle these conflicts, a common and well-established practice in acquisitions or mergers is to engage in some sort of dovetailing of seniority. *See Humphrey v. Moore,* 375 U.S. 335, 347 (1964) (The integration or dovetailing of seniority is "a familiar and frequently equitable solution to the inevitably conflicting interests which arise in the wake of a merger or an absorption.").

In terms of seniority allocation for former Rock Island employees hired by acquiring railroads, section 9 of the March 4th Agreement sets forth procedures to determine job status. Specifically, it states:

> [A]greements will be reached on each purchasing carrier concerning the manner in which seniority will be allocated in filling additional job assignments, between the purchasing carrier's employees and the bankrupt carrier employees hired by the purchasing carrier.

March 4th Agreement at 7.

Carefully parsing the words of this difficult phrase and reviewing alternative interpretations of it, it is clear that any correct construction must include the representatives of the former Rock Island employees in these negotiations.

One construction would have this phrase mean that an "agreement" would be reached at a future time with regard to seniority allocation as amongst the combined groups of pre-acquisition CNW employees and former employees of the Rock Island recently employed by the CNW. This construction would not in any way specify the parties to the potential agreement and would thus leave the selection of these parties completely within the control of the CNW. Such an utter abdication of power over selecting the parties to determine seniority, however, would result in the complete loss of control over seniority allocation and thus runs contrary to the purposes of the Agreement, i.e., to protect the interests of the former Rock Island employees and to avoid labor strife in the critical transition period. Moreover, if the purpose of the agreement was to give the company the power to determine seniority, it is likely that the agreement would simply have said this.

A second construction, implicitly urged by appellees, would have this clause create a procedure whereby senior-

ity agreements would be reached between the CNW and representatives of the CNW's unions. The text, however, does not support such a construction. Further, the March 4th Agreement was designed to protect the seniority rights of former Rock Island employees. Yet, it is vital to realize that there is no group that would be less inclined to protect the seniority rights of the Rock Island employees than the representatives of the CNW employees. The reason is simple. Any seniority credit given Rock Island employees for work performed while with the Rock Island would adversely affect the seniority rights of the employees of the CNW. Given this, the representatives of the CNW unions could be expected to favor the interests of the pre-acquisition employees, utterly frustrating the purposes of the agreement. Thus, this second construction could not possibly be correct.

The third and correct construction would require the implementing agreements be reached with the *active and significant participation of the representatives of the former Rock Island employees.* Strong support for this construction is found in the March 4th Agreement's purpose, to protect the interests of former Rock Island employees, in the union's constitution, and in *Tucumcari,* which, in delineating internal UTU policy, declared that all employee representatives should participate in the negotiation of implementing agreements.[11]

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[11]We recognize that *Tucumcari* did not involve commingled work and realize this fact could possibly have some bearing on its applicability in terms of the specific seniority allocation in this case. However, we believe that *Tucumcari's* central holding—that all employee representatives should participate in the formulation of implementing agreements—is unaffected by this distinction.

3. The Arbitration Proceeding Was Improper

The ground service employee arbitration was fundamentally improper because the arbitrator deferred to an invalid and fundamentally unfair implementing agreement.

The arbitrator clearly based his decision on the October 22, 1980 interim agreement. He declared, deferring to the implementing agreement and the position of the acquiring company's union representatives, without support from the record or any coherent reason, that the Rock Island employees had sufficient participatory rights to ensure the implementing agreement was consistent with the March 4th Agreement. Further, he specifically deferred to the terms of the October 22, 1980 agreement, declaring both that it would be inappropriate to make a redetermination of seniority and that prior rights and dovetailing were not contemplated by the March 4th Agreement.

Next, although not necessary to our holding, we note the arbitrator made his determination without an understanding of the requirements of the union's constitution. To conform with the UTU constitution, the union should have entered the arbitration with a unified position and actively sought seniority for Rock Island employees. What happened in the ground service employees' arbitration, however, could not have been more different. The union allowed the claims of the CNW employees with regard to the allocation of seniority—a position contrary to its centrally determined seniority policy—to go unchallenged to the arbitrator. This impropriety strongly contributed to providing a legitimate forum to a position which it had

previously determined illegitimate and which otherwise would probably not have prevailed.[12]

4. Conclusion

In *Jones,* the Second Circuit found that the duty of fair representation had been violated when a union preferred long-term members' interests to those of new members. In some intuitive ways this line of conduct by the union might seem justifiable. It might be argued the union owed more loyalty to those long term members than to those employees not yet members of the union. Nevertheless, the court found this conduct to be "arbitrary" and "invidious." Further, the court delineated a clear obligation to represent these future members and to assure them substantive and procedural safeguards in the contract talks.

In terms of the negotiations of the October 22, 1980 implementing agreement, the inherent force of *Jones* cuts powerfully in favor of the Rock Island appellants. First, the former Rock Island employees are in a stronger position to assert unfair representation than the non-union

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[12]The UTU and CNW contend that the UTU had internally determined Article 90 was not applicable "in cases of partial or total abandonment or liquidation where other carriers purchase or lease the trackage abandoned or liquidated." *See* Supplemental Affidavit of Robert Schmiege, Exhibit 5 at 22. The UTU further contends that the matter was to be "handled in accordance with the arbitration procedures of the March 4 agreement." Searching the record, however, we find no persuasive evidence that this exemption was anything more than an *ad hoc* decision made to avoid the union's responsibilities in this particular dispute. Moreover, we find nothing in the March 4th Agreement which would conflict with the unified procedure outlined in the UTU constitution.

passenger relations agents in *Jones*. While, in a sense, both groups stood poised to become members of the group represented by their bargaining agent, the Rock Island employees were already members of an international charged with representing their interests. Thus, not only are the Rock Island employees owed the substantive and procedural guarantees mandated by *Jones*—protections which were clearly not provided—but additional protection arising from their membership in the international union.

In addition, the UTU in the present case offended in more grievous ways affirmative duties of fair representation clearly imposed upon them. The March 4th Agreement and *Tucumcari* required the participation of the former Rock Island employees in the negotiation of the implementing agreements. Moreover, the appellants repeatedly requested participation. Finally, during the critical period of the transition, the UTU was actively closing down and consolidating its Rock Island union locals. This likely made it more difficult for the former Rock Island employees to understand and guard their rights and to determine whether their interests were being adequately protected by the CNW employees' representatives.

Essentially, however, we find that the October 22, 1980 implementing agreement was negotiated by representatives of a group with interests utterly hostile and adverse to those of the ground service employees, and was thus irrevocably flawed by unfair representation. The arbitrator then rendered a decision in which, without coherent or logical reasons, he deferred to the improperly negotiated agreement.

Under the Railway Labor Act, an arbitration can be vacated when the award exceeds the jurisdiction of the arbitrator. *See* 45 U.S.C. § 153(p). In the arbitration context, an award "without foundation in reason or fact" is equated with an award that exceeds the authority or jurisdiction of the arbitrating body." *Brotherhood of Railroad Trainmen v. Central of Georgia Ry.*, 415 F.2d 403, 411-12 (5th Cir. 1969). The *Trainmen* court went on:

> To merit judicial enforcement, an award must have a basis that is at least rationally inferable, if not obviously drawn, from the letter or purpose of the collective bargaining agreement. The arbitrator's role is to carry out the aims of the agreement, and his role defines the scope of his authority. When he is no longer carrying out the agreement or when his position cannot be considered in any way rational, he has exceeded his jurisdiction. The requirement that the result of arbitration have "foundation in reason or fact" means that the award must, in some logical way, be derived from the wording or purpose of the contract. This Court in *Safeway Stores v. American Bakery Workers Local 111,* 5th Cir. 1968, 390 F.2d 79, 81, 82, has recently announced the standard for review of an arbitrator's reward: "'[I]f the award is arbitrary, capricious or not adequately grounded in the basic collective bargaining contract, it will not be enforced by the courts.' * * * On its face the award should ordinarily reveal that it finds its source in the contract and those circumstances out of which there comes the 'common law of the shop' ".

Id. at 412.

In deferring to the fundamentally flawed agreement, the arbitrator's decision was not in any way derived from the "wording or purpose of the collective bargaining agreement." Indeed, the purpose of the March 4th Agree-

ment was to provide "a fair, equitable and *complete* arrangement for the *protection* of the Rock Island Employees." We hold this carefully delineated purpose could not be satisfied when the party negotiating for the ground service employees is the party with the single most adverse set of interests to appellants in the matter of seniority. We thus find the arbitrator exceeded his jurisdiction under the Railway Labor Act.

We, therefore, remand these cases to the district court with directions to enter an order vacating the ground service employees' arbitration. We further direct the district court to order the parties to renegotiate an implementing agreement in line with the requirements set forth in the March 4th Agreement. In these negotiations, the representatives of the Rock Island employees will participate in an *active and significant manner*. We leave it to the International to determine whether representatives of the former Rock Island employees will be necessary parties to the agreement, as its internal decision in *Tucumcari* strongly suggests, or whether they will be carefully consulted by the International prior to its negotiating the agreement.

Should the first course be chosen and the parties fail to reach a satisfactory agreement, the International shall represent both the CNW and former Rock Island employees in the arbitration that is to follow under the terms of the March 4th Agreement. Before the matter goes to arbitration, the International shall develop a unified position consistent with its constitution and internal decisions to assure adequate protection of the seniority interests of the former Rock Island employees. If the second course

is chosen, the International shall similarly be directed by the district court to present a unified position consistent with its constitution and internal decisions. Again, should the parties fail to reach agreement, the International shall represent both the CNW and former Rock Island employees in line with a predetermined unified position.

C. The Non-Hire Appellants

1. Overview

The appellants in this category are former Rock Island employees who claim a right to be hired under the March 4th Agreement and Section 105 of RITEA, 45 U.S.C. § 1004. As discussed above, the March 4th Agreement provides a right of first hire in terms of work arising out of the acquisition of former Rock Island trackage. RITEA provides a sweeping right of first hire to any former Rock Island employee who is not less qualified than other applicants for any position not covered by an affirmative action plan. These appellants allege that the CNW hired a great number of new workers who were not former Rock Island employees in violation of RITEA. Further, they allege that many of these new workers were hired to work on the former trackage of the Rock Island, thus violating the March 4th Agreement.

2. The Sunsetting Provision of 45 U.S.C. § 797(c)(f).

The arbitration provision which governs the appellants' claim is 45 U.S.C. § 797(c)(g). Subsection (f) of 45 U.S.C. § 797(c) states: "The provisions of this section shall cease to be effective on the expiration of the 6-year

period beginning on August 13, 1981." Based upon this sunsetting provision, appellees argue that appellants have lost their right to arbitration. Appellants, on the other hand, contend that because the statutory subdivision containing the arbitration provision has lapsed, they now have a clear and unimpeded right to an action in federal court. The theories of both parties are incorrect.

3. Arbitration is Still Available to Appellants

Upon careful examination, it is clear that Congress did not intend to phase out arbitral redress for disputes involving preferential hiring under RITEA. When the evolving structure and purpose of 45 U.S.C. § 797(c) is carefully examined, it is apparent that the sunsetting provision of that section was intended to eliminate the Central Register of Railroad Employment administered by the Railroad Retirement Board (RRB) and not to cut off the right to arbitration for disputes concerning preferential hiring.[13]

45 U.S.C. § 797, which corresponds to Title VII of the Northeast Rail Service Act of 1981, Pub. L. No. 97-35, 95 Stat. 643 (1981) (NRSA), was a part of the massive Omnibus Budget Reconciliation Act of 1981, Pub. L. No. 97-35, 95 Stat. 357 (1981) (OBRA) designed, at least at the outset, to drastically reduce the size and commitments of the federal government.

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[13]Moreover, even had Congress intended to eliminate arbitration for disputes concerning preferential hiring, it might well be considered fundamentally unfair to withdraw the arbitral remedy from those claims already pending in federal court on August 13, 1987. *Cf. Ralpho v. Bell,* 569 F.2d 607 (D.C. Cir. 1977).

Title VII, part of the effort to privatize the failing Conrail, allowed the railroad to end onerous protective obligations that had been established by Title V of the Rail Reorganization Act of 1973, Pub. L. No. 93-236, 87 Stat. 985 (1973). Specifically, Title VII allowed the railroad to terminate some employees or employee benefits in exchange for specified cash payments.

Part of the transition that was accomplished by Title VII involved the creation of a central register of displaced railroad employees. The register was to be of limited duration and was designed to assist employees in securing their preferential hiring rights. *See* NRSA § 704, 45 U.S.C. § 797(c). As originally introduced in Congress, § 797(c) contained only the provisions found in subsections now codified (a) through (f). *See* H.R. 3488, 97th Cong., 1st Sess. § 303 (introduced May 5, 1981); S. 1377, 97th Cong., 1st Sess. §§ 413-4 (introduced June 7, 1981). Subsections (a) through (e) require the RRB to maintain a central register of displaced railroad employees to facilitate their reemployment and to assist in the implementation of preferential hiring rights. Subsection (f) was the sunset provision which allowed the RRB to end the registration apparatus within a reasonable time after the employee terminations allowed by NRSA.

It is important to note that subsection (g) of § 797(c), the arbitration provision at the heart of the present controversy, was not a coherent part of the legislative scheme of the original § 797(c), but only a last minute afterthought added later in conference. *See* H.R. Conf. Rep. No. 97-208, Book 1, 1st Sess., 329-30 (1981). It must be remembered that OBRA itself has long been noted for the

vast legislative confusion engendered and the significant number of drafting oversights and errors that occurred as it wended its way through the Congress. Given this background, it is likely that any implication that Congress intended the right to arbitration for preferential hiring to end with this sunsetting provision was inadvertent.

This likelihood of inadvertency becomes a certainty when one examines the internal structure of Title VII. Title VII addresses a broad range of issues affected by the NRSA.[14] with only a few exceptions, it subjects disputes concerning these various topics to resolution under section 714, 45 U.S.C. § 797(m), which provides for arbitration by an adjustment board under section 3 of the Railway Labor Act, 45 U.S.C. § 153. Section 714 has no sunset provision.

The right to preferential hire was one of the few exceptions to arbitration under section 797(m), largely because the right to preferential hire was initially related to the central register maintained by the RRB. The only substantive difference between section 797(c)(g), the arbitration provision at issue here, and section 797(m) is that the former subjects the right to arbitration to a preliminary screening by the RRB, the board charged with main-

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[14]*E.g.*, negotiation of protection agreements (§ 797); termination allowances (§ 797(a)); preferential hiring (§ 797(b)); maintenance of a central register of railroad employment (§ 797(c)); election and treatment of benefits (§ 797(d)); arrangement of work (§ 797(e)); contracting out (§ 797(f)) new collective bargaining agreements (§ 797(g)); employee and personal injury claims (§ 797(h)); limitation on liability (§ 797(i)); preemption (§ 797(h)); factfinding panels regarding certain collective bargaining issues (§ 797(i)); and arbitration of disputes (§ 797(m)).

taining the central register. The substantive arbitration of both types of disputes is eventually accomplished by an adjustment board under 45 U.S.C. § 153. While the central register was in existence, it certainly made sense to subject preferential hiring claims to a preliminary screening by the RRB, which would be likely to have all the relevant information concerning these claims close at hand. Yet, the Congress could not have intended to cut off the right to arbitration completely to employees who had preferential hiring claims when the central register ceased to exist, particularly when arbitration was still available to those asserting grievances under almost all the other topic areas covered by Title VII.

We, therefore, find, as a matter of statutory interpretation, that the sunsetting provision of 45 U.S.C. § 797(c) only applies to the maintenance of the Central Register of Employees required under Title VII and that claims involving preferential hiring of former Rock Island employees with the CNW remain subject to arbitration by an adjustment board under section 3 of the Railway Labor Act, 45 U.S.C. § 153.

4. Conclusion

a. Specific Remedy to Non-Hire Appellants

Given the fact that the right to arbitration under 45 U.S.C. § 797(c)(g) still is open to appellants, we remand to the district court with directions to send the disputes under RITEA to be resolved by an adjustment board under section 3 of the Railway Labor Act. Moreover, the adjustment board should, at the same time, consider appellants' claims arising under the March 4th Agreement.

b. Laches

Because neither RITEA nor the March 4th Agreement has any specific period of limitations, we leave to the arbitrator the question of whether the claims of the non-hire appellants are barred by laches.

In deciding this issue, the arbitrator is directed to take into account the following factors. First, the arbitrator should consider the delay in seeking redress caused by the closing of the Rock Island locals by various internationals. In this regard, the arbitrator should determine whether the former Rock Island employees were adequately informed of their rights under RITEA and the March 4th Agreement. Specifically, he should determine whether there were false assurances made by union representatives to the effect that Rock Island grievances would be redressed and the effect such assurances might have had in delaying action by the Rock Island employees.

Second, the arbitrator should take into account the cumulative effect of the serious unfair representation by the internationals in terms of the March 4th appellants. Not only did the unions act unfairly in the negotiation of the implementation agreement of the ground service employees, but they also did not properly represent the former Rock Island employees in the arbitration. This unfairness by the internationals to the March 4th appellants may have convinced the non-hire appellants that it would be futile to process their claims through conventional channels because they believed they could not rely on their union representatives to adequately represent their interests.

D. March 4th Engine Services Employees

The Newton engine service employees claim that the seniority they received under the implementing agreements of February 22, 1982, was inadequate under the terms of the March 4th Agreement. The CNW answers that these employees were treated fairly.

We hold that the March 4th Engine Service plaintiffs have the right to have their claims submitted to a neutral arbitrator to determine whether their seniority rights were adequately protected under the terms of the February 16, 1982 implementing agreement. Appellants' claims are, however, subject to the defense of laches. In determining whether appellant's claims are barred by laches, the arbitrator should take into account all those factors listed in section IV(C)(4)(b) of this opinion. '

E. The New-Hire Appellants

A fourth group of claimants are the new-hire appellants. These appellants were hired by the Rock Island after its acquisition by the CNW. They received no seniority and contend that their rights were violated under the March 4th Agreement. The CNW contends that the jobs the new hire appellants received did not arise out of the work related to the Rock Island acquisition, and thus they were not deserving of any seniority under the March 4th Agreement. Clearly, if the work did not arise directly from the Rock Island acquisition, the CNW is correct.

These new-hire appellants have the right to have their claims submitted to a neutral arbitrator to determine whether the jobs they received arose from the acquisition and, if they did, what seniority rights are due these appel-

lants. Appellants' claims are, of course, subject to the defense of laches. In determining whether appellants' claims are barred by laches, the arbitrator should take into account all those factors listed in section IV(C)(4)(b) of this opinion.

V. CONCLUSION

This matter is remanded to the district court for action consistent with this opinion. Each party will bear its own costs on appeal. The mandate of this Court shall issue forthwith.

A true copy.

Attest:

CLERK, U. S. COURT OF APPEALS,
EIGHTH CIRCUIT.

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

No. 86-1369

L. Lee Beardsly,

Appellant,

v.

Chicago & North Western Transportation Co., et al.,

Appellees.

* * * *

Francis E. Amoit,

Appellant,

v.

Chicago & North Western Transportation Co., et al.,

Appellees.

Appeal from the United States District Court for the Southern District of Iowa.

No. 86-1370

John E. Reece, et al.,

Appellants,

v.

Chicago & North Western Transportation Co., et al.,

Appellees.

No. 86-1372

Jack L. Chambers, et al.,

Appellants,

v.

Chicago and North Western Transportation Company, et al.,

Appellees.

No. 86-1373

Roger L. Swift; Oscar D. Overton; W. R. Urton; Robert W. Luth; Mark R. Pomery; David G. Dickey; Terry B. Turvold and Clyde R. Thomas,

Appellants,

v.

Chicago and North Western Transportation Company; United Transportation Union, an unincorporated labor organization; and The Brotherhood of Locomotive Engineers, an unincorporated labor organization,

Appellees.

No. 86-1374

Harold L. King; James L. Knox; Steven Arthur Newton; George R. Etherton; Larry L. Williams; John F. Keith; and Joseph A.

Appellants,

v.

Chicago and North Western Transportation Company and The United Transportation Union, an unincorporated labor organization,

Appellees.

No. 86-1950

Vane Newton; Robert R. Bailey; Wayne A. Moore; Robert L. Duncan; Harold E. Johnson; Donald L. Kidd, Sr.; H. L. Kidd, Jr.; B. J. Rude; Max A. Eads; Jack E. Brown; Milton E. Capps; Wilbur Stanton; J. W. Burke, Jr.; E. D. Snyder; Daniel V. Middour; Donald P. McCaleb; Sam H. Dean; Donald E. Bisgaard; Robert W. Shaner; LaDon E. Crane; Roger L. Rothamel; Arnold M. Scheel; Frank M. Ramey; A. M. McQuade; Lloyd G. Andrews;

Richard D. Thorsland; John R. Vincent; Stephen R. Early; Leo T. Seehan; and Richard A. Nitcher; John E. Beghtol; Dennis E. Chaplin; Paul W. Strawn; Max R. Williams; David Yackle; Francis E. Amiot; James F. Ramsey; Allan P. Sherling; Jerry E. Payne; Richard A. Clark; Kenneth W. Brevig; Stephen D. Rosentangle and William H. Rosentangle,

Appellants,

v.

Chicago and Northwestern Transportation Company; United Transportation Union, an Unincorporated Labor Organization; and Brotherhood of Locomotive Engineers and (sic) Unincorporated Labor Organization,

Appellees.

No. 87-1325

Angeline V. Boll, Robert J. Tollakson and Dennis L. Stowe,

Appellants,

v.

Chicago and North Western Transportation Company, and Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees, an unincorporated labor organization,

Appellees.

Submitted: August 31, 1987

Filed: January 8, 1988

Before HEANEY, BOWMAN and WOLLMAN, Circuit Judges.

HEANEY, Circuit Judge.

I. OVERVIEW

One hundred fifty-eight former employees of the Chicago, Rock Island and Pacific Railroad (Rock Island or Rock Island Railroad) appeal from decisions of the United States District Court for the Southern District of Iowa dismissing or denying their claims against the Chicago & Northwestern Transportation Co. (CNW) and four railroad labor organizations.[1] The suits allege violations of

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[1]The United Transportation Union, the Brotherhood of Locomotive Engineers, Railroad Yardmasters of America, and Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employes.

a labor protective agreement and a United States statute, both designed to protect the job status of the former Rock Island employees.

We affirm the district court insofar as it dismissed several of the actions for lack of jurisdiction. We reverse the district court's denial of appellants' request to vacate an arbitration decision between the CNW and the United Transportation Union (UTU) regarding former Rock Island ground service employees. We find that the October 22, 1980 and February 16, 1982 seniority implementing agreements are invalid and direct that they be renegotiated. Finally, we hold the remaining employees have a right to arbitration, subject to the right of the CNW and the appellee unions to assert the defense of laches.

II. FACTUAL BACKGROUND

A. Attempted Reorganization, Interim Operation and Purchase of the Rock Island Railroad

In 1975, the Rock Island Railroad commenced reorganization proceedings. These efforts were unsuccessful. In September of 1979, the Interstate Commerce Commission (ICC) concluded that Rock Island had insufficient cash assets to continue its operations "in the face of national transportation requirements." On March 18, 1980, the ICC granted the CNW authority to conduct temporary operations over certain Rock Island lines from March 24 until May 31, 1980.[2] The ICC subsequently authorized the

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[2]During this period, several other railroads were also given authority to conduct operations over other parts of the former Rock Island lines. *See Kansas City Terminal Ry. Co.—Directed to Operate Over—Chicago, R.I. & P. R.R. Co., Debtor,* 360 I.C.C. 289, 290 (1979).

CNW to continue providing interim service over those lines until June 20, 1983, at which time a United States Bankruptcy Court approved the sale by the Rock Island trustee to the CNW of the lines upon which it had been conducting interim service.

B. The March 4th Agreement

On March 4, 1980, thirteen railroads who were operating or contemplating operations on Rock Island lines, including the CNW, entered into a labor protective agreement[3] with national representatives of rail labor organizations, including the national representatives of appellee unions involved in the present action.

The March 4th Agreement was designed to ease a potentially troublesome transition. The acquiring railroad agreed to make accommodations in terms of providing rights of first hire and seniority to the employees of the acquired company. In exchange, the international unions agreed to assure labor peace during the transition. Specifically, the stated purpose of this agreement was to provide:

> a fair, equitable and complete arrangement for protection of . . . Rock Island employees taken into the employ of interim service operators and purchasing carriers signatory hereto and to enable the interim service operator or purchasing carrier to be operated

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[3]This agreement, entitled Labor Protective Agreement between Railroad Parties Hereto Involved in Midwest Rail Restructuring and Employees of Such Railroads Represented by the Rail Labor Organizations Operating through the Railway Labor Executives' Association, is reproduced in 1 Joint Appendix 131.

> in the most efficient manner, as set forth herein, immediately upon authorization for such operation.

March 4th Agreement at 1.

Article II of the Agreement provides that the purchasing carrier shall determine by craft its necessary additional manpower requirements "due to its taking over . . . [the] Rock Island lines." *Id.* at 3. The acquiring carrier further agreed to provide a detailed explanation of these needs, to "discuss" its requirements with representatives of the crafts employed by both the acquiring and acquired railroad, and to extend to employees of the acquired railroad the right of first hire in all work stemming from the acquisition. *Id.* This right of first hire was to accrue to employees in order of their seniority.[4]

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[4]Specifically, Article II of the March 4th Agreement provides:

> A purchasing carrier shall determine its necessary additional manpower requirements by craft due to its taking over [the] Rock Island [line]. * * * Each of the determinations shall be discussed with representatives of the crafts on purchasing carrier and on the Rock Island * * * with detailed explanations to them of the basis for each determination prior to serving notice under paragraph 4 hereof.
>
> As a carrier determines its need for additional employees under this Article, it shall allow eligible employees in seniority order on the Rock Island * * * the first right of hire * * * dependent on whose trackage is involved and consistent with the purpose of Section 8 of the Milwaukee Railroad Restructuring Act. * * * In carrying out the purposes of this section, the purchasing carriers shall first utilize existing seniority rosters applicable to the appropriate craft and seniority district of the lines and territories involved in fulfilling employment needs in connection therewith.

Article II, section 9, of the Agreement sets forth procedures to determine job seniority for former Rock Island employees hired by the CNW. It states:

> [A]greements will be reached on each purchasing carrier concerning the manner in which seniority will be allocated in filling additional job assignments, between the purchasing carrier's employees and the bankrupt carrier employees hired by the purchasing carrier.

C. The Rock Island Railroad Transition and Employee Assistance Act—RITEA.

On May 30, 1980, the President signed into law the Rock Island Railroad Transition and Employee Assistance Act (RITEA) Pub. L. No. 96-254, 94 Stat. 399 (1980) (codified as amended at 45 U.S.C. § 1001). The purpose of this act was twofold: (1) to protect the interests of former Rock Island employees and (2) to protect the railroads against labor strife and ensure continued operation of the lines formerly controlled by the Rock Island railroad.[5]

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[5]Under the "Congressional Findings" section, the Act states:

> (1) uninterrupted continuation of services over Rock Island lines is dependent on adequate employee protection provisions covering Rock Island Railroad employees who are not hired by other railroads;
>
> (2) for those Rock Island Employees not hired by other rail carriers, there is no other practicable means of obtaining funds to meet the necessary costs of such employee protection that are assumed by the Rock Island Railroad;
>
> (3) a cessation of necessary operations of the Rock Island would have serious repercussions on the economies of the States in which such railroad principally operates; and

(Continued on following page)

Section 105 of the Act, 45 U.S.C. § 1004, entitled "Railroad Hiring," provides a broader right of first hire than the March 4th Agreement. Where the March 4th Agreement limits the right of first hire to work stemming from the acquisition of the Rock Island, RITEA provides a blanket right of first hire to former Rock Island employees.[6] Specifically, it states that former employees of the Rock Island:

> shall, unless found to be less qualified than other applicants, *have the first right of hire by any other*

(Continued from previous page)

(4) premature cessation of services over lines which are the subject of pending purchase application would result in harm to the shipping public and could imperil continuation of vital commuter service.

RITEA § 102, 45 U.S.C. § 1001.

[6]The House conference report accompanying RITEA describes the purpose of Section 105 in the following terms:

SECTION 105—RAILROAD HIRING

Senate Bill.—Section 105 of the Senate bill is based on a similar provision in the Milwaukee Railroad Restructuring Act. *It provides for priority hiring of Rock Island employees unless they are found less qualified than other applicants* or unless such priority hiring would interfere with a carrier's equal opportunity employment obligations.

House Amendment.—The House amendment . . . is also patterned after the Milwaukee Railroad Restructuring Act. It specifically states that rights afforded to Rock Island employees under this section shall be coequal to rights afforded Milwaukee employees.

Conference Substitute.— * * * In general, this section is intended to insure that eligible Rock Island employees will be hired without delay or discrimination. The successful implementation of this provision depends upon the full cooperation of other carriers.

H.R. Conf. Rep. No. 96-1041, 96th Cong., 2d Sess. 25 (1980) (emphasis added).

> *rail carrier that is subject to regulation by the* [*ICC*] *for any vacancy* that is not covered by [an affirmative action plan].

45 U.S.C. § 1004 (emphasis added).

On January 14, 1983, the arbitration provision of the Regional Rail Reorganization Act, 45 U.S.C. § 797(c)(g), was amended to subject disputes regarding the right of first hire under RITEA to mandatory arbitration. *See* Rail Safety and Service Improvement Act of 1982, Pub. L. No. 97-468, § 235, 96 Stat. 2543, 2547 (1983). Prior to this time, an action could theoretically be brought in federal court to enforce this right. *See Brotherhood of Locomotive Engineers v. Burlington Northern,* 580 F. Supp. 797 (D. Colo. 1984).

D. Propriety of Implementing Agreements Negotiated Under the March 4th Labor Protective Agreement

1. Factual Background

To understand appellants' claims concerning the validity of the implementing agreements negotiated under the authority of the March 4th labor protective agreement, it is important to take note of certain circumstances surrounding the negotiation of these agreements. Specifically, the effect of the closing and consolidation of local unions must be understood, as well as obligations imposed on the negotiating unions by their own constitutions.

a. National Unions Close Down Local Rock Island Locals

Shortly after the March 4th Agreement and RITEA went into effect, the international unions here involved

closed down or consolidated many of the locals serving former Rock Island employees. They maintain these closings or consolidations were an economic necessity because members had ceased paying dues. *See* Affidavit of Robert L. Hart, 5 Joint Appendix 1057, 1057-58. The appellants maintain that the closing or consolidation of the locals resulted from a conspiracy among the international unions, the CNW, and the local unions representing CNW employees to undermine the bargaining strength of the former Rock Island employees. *See generally,* 1 Joint Appendix 16-130. As evidence of this, they note that local union officials were unavailable to file grievances and that representatives of the internationals engaged in a pattern of falsely assuring former Rock Island employees that action would be taken on grievances. *Id.* Further, appellants maintain that in the confusion and consolidation, they were not informed of the safeguards, such as the March 4th Agreement and RITEA, enacted to assure their job-related rights. *Id.* Whatever the reasons for the closings or consolidations, they clearly made it more difficult for the former Rock Island employees to understand their rights and to determine whether they were being adequately protected by their internationals.

b. The United Transportation Union Constitution

Article 85 of the United Transportation Union (UTU) Constitution[7] provides that the General Chairman em-

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[7]Article 85 of the UTU Constitution provides in relevant part:

(Continued on following page)

powered to make a "systems" agreement, such as the implementing agreements involved in the present dispute, must poll the "affected Local Chairmen", i.e. the Chairmen for the CNW employees and the Rock Island employees, prior to signing such an agreement and be governed by the majority of votes cast. Moreover, in negotiating such agreements, the seniority of employees of acquired railroads is to be preserved to "the extent possible".[8] In addition, Article 90 mandates that all intra-union disputes surrounding an acquisition or merger be resolved internally by the union. This ensures that a unified position can be established with respect to these disputed

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(Continued from previous page)

> The General Chairman must poll the entire General Committee prior to signing any system agreements and be governed by the majority of the votes cast. The General Chairman must poll the affected Local Chairmen prior to signing any local agreements and be governed by the majority of the votes cast.

See Joint Appendix 315, 347 (emphasis omitted).

[8]Article 90 of the UTU Constitution provides in relevant part:

> When, through lease, purchase, merger, consolidation or other cause, a line or lines of a carrier or a portion thereof is taken over by another carrier or where, because of establishment of a new line by an existing carrier or for other reasons traffic is permanently diverted from one carrier to another or from one road and/or yard seniority district to another on the same carrier and such affects the seniority rights of employees on such carriers, General Committees of Adjustment shall arrange for a fair and equitable division of the work. *Prior seniority rights of employees to service on their former seniority district or territory shall be preserved to the extent possible.*

See Joint Appendix 315, 348-49 (emphasis added).

issues and preserves internal union authority over the interpretation of its constitution.[9]

2. Negotiation of the Implementing Agreements

Pursuant to Article II of the March 4th Agreement, the CNW sought to conclude implementing agreements with respect to the relative seniority rights of its employees and the former employees of the Rock Island Railroad it had hired. Although the CNW did involve the union representatives of the former Rock Island employees in preliminary discussions, these representatives were not present when the final agreements were reached, were not parties to these agreements, and had virtually no control over the terms of these agreements.

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[9]Article 90 continues:

> Disputes arising under this Article which cannot be resolved by the General Committee or General Committees shall be referred to the International President. The International President shall promptly assign an officer to assist the General Committees involved in resolving the dispute. Failing to resolve the dispute the officer shall make a complete report and recommendation to the International President who, in turn, shall decide the dispute.
>
> Any local or member of a local affected by an action or decision of a Chairman, Sub General Committee or General Committee, or by the decision of the International President with respect to the Article may appeal such action or decision to the Board of Appeals, provided such appeal is filed with the General Secretary and Treasurer within ninety (90) days from the date of the action or decision. The Chairman, Sub General Committee, General Committee, or International President, as the case may be, shall be allowed thirty (30) days from the date the appeal is filed in which to reply to the appeal. The parties involved in an appeal shall exchange copies of the appeal and reply to the appeal.

Final implementing agreements with engine service employees represented by the the Brotherhood of Locomotive Engineers (BLE) and the UTU were signed by the CNW General Chairmen for the BLE and the UTU on February 16, 1982. *See* 7 Joint Appendix 1399.

On October 22, 1980, the CNW and two UTU General Chairmen of the Committee of Adjustment for the CNW—G. R. Maloney and Thomas Q. Ryan—signed an interim agreement. This agreement determined the relative seniority rights of former Rock Island employees and employees of the CNW in terms of ground service work.

3. Arbitration of UTU Rock Island Ground Service Employees

a. The Arbitration Proceeding

On April 15, 1981, the General Chairman of the Committee of Adjustment for UTU Rock Island, Ralph Tambaro, sent a letter to the CNW objecting to the October 22, 1980 interim implementing agreement insofar as it related to ground service employees. *See* 7 Joint Appendix 1437. He objected, in part, because the agreement had been reached without the participation of the union representatives of former Rock Island employees and, in part, because it failed to give Rock Island employees seniority rights to which they felt entitled under the March 4th Agreement. Tambaro demanded arbitration pursuant to Article II, section 9(b) of the March 4th Agreement. On May 4, 1981, the CNW received a second letter from Fred Hardin, the International President of the UTU, seeking to invoke the same arbitration procedure on behalf of former Rock Island ground service employees. On

May 18, 1981, Hardin by letter indicated that R.M. Crago, UTU International Vice President, would represent the UTU's Rock Island employees in the arbitration, but would not act as a representative of the international union.

Next, the CNW and CNW-UTU filed suit to stop this arbitration and succeeded in delaying it for approximately one and one-half years. *See Chicago and Northwestern Transportation Co. v. United Transportation Union,* C.A. 81-2472 (D.D.C); *see also* Supplemental Affidavit of Robert W. Schmiege, 7 Joint Appendix at 1496. Thereafter, the arbitration went forward. The CNW and representatives of the Rock Island and the CNW ground service employees participated in the arbitration, which was conducted between February 23 and 25, 1983, by a neutral arbitrator appointed by the National Mediation Board. *See* Arbitration Board No. 406, *Matter of Arbitration Between the Chicago and Northwestern Transportation Company and The United Transportation Union,* at 2 (May 20, 1983) (Arbitration) (*see* 2 Joint Appendix 267). Although the UTU constitution required the union to enter the arbitration with a unified position, the arbitration consisted of a contest between the Rock Island UTU representatives and the CNW-UTU representatives, with the international union playing no significant independent or authoritative role.

b. The Tucumcari Case

Shortly after the matter was submitted to arbitration, but several months before the arbitrator rendered a decision, a relevant internal dispute was being resolved

within the UTU. In UTU Board of Appeals Case No. 64, File 8-8-54 (March 11, 1983) (*Tucumcari*) (*see* 2 Joint Appendix 441), former employees of the Rock Island challenged an implementing agreement quite similar to those involved in the case before us.

In *Tucumcari,* a segment of the former Rock Island railroad called the Tucumcari line had been purchased after a period of interim operation by the St. Louis Southwestern Railroad (SSR) on March 24, 1980. Pursuant to the terms of the March 4th Agreement, a subsequent implementing agreement was reached purporting to establish a seniority scheme for the former Rock Island employees.

The implementing agreement was signed by General Chairman R. H. Arnett, on February 23, 1982. Arnett was the representative of the SSW-UTU, the acquiring company's union, and had never represented Rock Island employees. As in the present case, the agreement gave former Rock Island employees seniority dates as of their first day of work for the SSW.

Two former Rock Island employees, J. W. Volkman and J. T. Kelso, brought an internal appeal within the UTU. They alleged that the implementing agreement was contrary to the terms of the March 4th Agreement. They argued, *inter alia,* that the agreement was improper because Arnett represented only employees of the acquiring company and not the Rock Island employees. They also maintained that the March 4th Agreement contemplated greater seniority rights than were provided by the February 23, 1982 implementing agreement.

The Board of Appeals held for Volkman and Kelso and, in reforming the terms of implementing agreement, stated that "all employee representatives" should participate in the negotiation of implementing agreements. *Id.* at 16. Second, the Board found that the former Rock Island employees were entitled to a seniority date as of the day they were hired by the Rock Island. Specifically, the Board stated:

> In this case of acquisition, prior rights are of paramount concern. To place a termination date on those prior rights would not only be a travesty of justice but also would contravene the very concepts of seniority and prior rights.

Id. at 18. The Board continued:

> This Board also finds the former employees should be given the seniority dates of their earliest employment date, i.e., the seniority date carried on the Rock Island. Without extensive elaboration, we feel this would not be too hard to accomplish.

Id.

c. The Arbitrator's Decision

The arbitrator issued his award in the ground service employees' dispute on May 20, 1983. Without notice of the UTU's centrally announced position in *Tucumcari* and without reference to the UTU Constitution, the arbitrator declared that the October 22, 1980 implementing agreement met the requirements of the March 4th Agreement. In his analysis of the claims of the former Rock Island employees, the arbitrator found their situation to be unfortunate. Yet, he found that the CNW employees union representatives adequately represented them. Specifically he stated:

> Full opportunity was given to all representatives of these employees to further discuss this matter with the Carrier in order to reach an implementing agreement. Unfortunately, with respect to the crafts here involved only the C&NW - UTU representative reached an understanding with the Carrier. This does not mean, however, that the UTU representatives of former Rock Island employees were not afforded the fullest opportunity to make their case with respect to the allocation of additional manpower.

Arbitration at 4.

Finally, in contravention of the clear intent of the March 4th Agreement, the UTU Constitution, and *Tucumcari,* the arbitrator declared that any notion of prior rights or dovetailing of seniority would be improper and that employees of bankrupt railroads were only entitled to limited relief.

Having set forth the factual background of the present dispute, we turn to resolving the specific legal claims of the parties.

III. JURISDICTIONAL ARGUMENTS COMMON TO ALL APPELLANTS

A. Overview

All appellants in this action assert violations of the March 4th Agreement and RITEA. With one exception, they sought redress for their grievances in federal court without first resorting to arbitration. Appellants outline several legal theories in support of federal court jurisdiction. Each is unavailing.

B. Section 105 of RITEA Does Not Create a Right of Action in Federal Court

First, the former Rock Island employees claim that Section 105 of RITEA, 45 U.S.C. § 1004, adopted May 30, 1980, creates a right of action in federal court. Section 105 states:

> (a) Each person who is an employee of the Rock Island Railroad on August 1, 1979, and who, prior to January 1, 1981, is separated or furloughed (other than for cause) from his employment with such railroad * * * as a result of a reduction of service by such railroad * * * shall, unless found to be less qualified than other applicants, have the first right of hire by any other rail carrier that is subject to regulation by the Commission for any vacancy [not covered by an affirmative action plan].

On January 13, 1983, 45 U.S.C. § 797(c)(g) was amended to subject this right to arbitration. *See* Rail Safety and Service Improvement Act of 1982, Pub. L. No. 97-468, § 235, 96 Stat. 2545, 2547 (1982). The amended statute provided:

> Any dispute, grievance or claim arising under * * * section 1004 of this title (45 U.S.C. sec. 1004) *shall be subject to resolution in accordance with the following procedures:*
>
> (1) Any employee with such a dispute grievance, or claim may petition the [the Railroad Retirement] board to review and investigate the dispute, grievance, or claim.
>
> (2) The Board shall investigate the dispute, grievance, or claim, and if it concludes that the employee's rights under * * * section 1004 of this title may have been violated, the dispute, grievance, or

> claim shall be subject to resolution in accordance with the procedures set forth in section 153 of this title.
>
> (3) In the case of any violation of * * * section 1004 of this title, the Adjustment Board (or any division or delegate thereof) or any other board of adjustment created under section 153 of this title shall, where appropriate, award such relief, including back pay, as may be necessary to enforce the employee's rights.

45 U.S.C. § 797(c)(g) (emphasis added).

Based on the foregoing, the appellants claim that the language "shall be subject to" is permissive rather than mandatory. We agree fully with the district court and find that the language of 45 U.S.C. § 797(c)(g) is clearly mandatory and that appellants' arguments in this regard are frivolous.

C. The Rock Island Employees Do Not Have a Vested Right to an Action in Federal Court

The appellants also contend that during the interim period between the date RITEA became law on May 30, 1980, and the date the right of first hire became subject to arbitration on August 13, 1983, the Rock Island employees had a vested right to bring an action in federal district court under 28 U.S.C. § 1331 that could not be eliminated by a later amendment of the law. We disagree.

The Supreme Court has clearly stated:

> [W]hen the jurisdiction of a cause depends upon a statute the repeal of the statute takes away jurisdiction. And it is equally clear, that where a jurisdiction conferred by statute, is prohibited by a subsequent statute, the prohibition is, so far, a repeal of the statute conferring jurisdiction.

Merchants' Insurance Co. v. Ritchie, 72 U.S. (5 Wall.) 541, 544-45 (1867).

Moreover, a closely related issue was decided in the case of *Brotherhood of Locomotive Engineers v. Burlington Northern,* 580 F. Supp. 797 (D. Colo. 1984). There the district court was faced with the issue of what happened to pending claims in federal district court after 45 U.S.C. § 797(c)(g) had been amended to require arbitration for these claims. The court, after thorough review of the authorities, found that claims brought correctly in federal court before the enactment of the arbitration provision lacked jurisdiction after its effective date.

Clearly, jurisdiction was withdrawn in the present case by the amendment of 45 U.S.C. § 797(c)(g). Appellants' case was not even properly pending in federal court at the time of the amendment. Thus, there is no conceivable basis for jurisdiction under any vested rights theory.

D. Section 122 of RITEA Does Not Create A Private Right of Action

The former Rock Island employees next contend that section 122 of RITEA creates a cause of action in federal court. We disagree.

Section 122 of the Act, 45 U.S.C. § 1017, provides:

> The Commission may authorize any rail carrier willing to do so voluntarily to use the tracks and facilities of a carrier which * * * was the subject of a proceeding pending under section 77 of the Bankruptcy Act or under subchapter IV of Chapter 11 of Title 11. The use of such tracks and facilities shall be under the terms of compensation as the carriers establish between themselves, or if the carriers are unable to

> agree under such terms of compensation as the Commission finds to be reasonable. * * *
>
> In carrying out the provisions of this section, the Commission shall require, to the maximum extent practicable, the use of the employees who would normally have performed work in connection with the traffic subject to the action of the Commission.

Section 105 already creates a cause of action. *See* 42 U.S.C. § 1004. It is unlikely that, without some additional special purpose, Congress intended to create a duplicative action. Moreover, the language of section 122 only authorizes the ICC to act and does not support an interpretation which would provide jurisdiction for individual suits.

In a related argument, appellants contend that section 122 and 28 U.S.C. § 1336[10] together create federal court jurisdiction over their claims. We again disagree.

Section 1336 of 28 U.S.C. permits the federal courts jurisdiction over causes of action elsewhere enumerated. It says nothing about causes of action based on alleged violations of section 122 or of ICC orders issued pursuant thereto. Moreover, the Supreme Court has repeatedly held that jurisdictional statutes such as 28 U.S.C. § 1336 do not of themselves establish a private right of action. *See*

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[10] 28 U.S.C. § 1336 provides in relevant part:

(a) Except as otherwise provided by Act of Congress, the district courts shall have jurisdiction of any civil action to enforce, in whole or in part, any order of the Interstate Commerce Commission, and to enjoin or suspend, in whole or in part, any order of the Interstate Commerce Commission for the payment of money or the collection of fines, penalties, and forfeitures.

Touche Ross & Co. v. Redington, 442 U.S. 560 (1979); *Montana-Dakota Utilities Co. v. Northwestern Public Service Co.,* 341 U.S. 246 (1951).

E. Plaintiff's Unfair Representation Claims are Barred by the Statute of Limitations

In terms of the unfair representation claims brought by the former Rock Island employees, we agree with the district court, both in that these claims are governed by the six-month statute of limitation set forth by the Supreme Court in *Del Costello v. International Brotherhood of Teamsters,* 462 U.S. 151 (1983) and that all of appellants' claims are thus barred.

IV. REMEDIES AVAILABLE TO APPELLANTS

A. Overview

Given the fact that the appellants' substantive claims cannot properly be brought in federal court, we now turn to the task of determining what remedies, if any, remain available to them.

For purposes of resolving this question, the 158 individual claimants involved in the present action are best divided into three categories: March 4th Agreement appellants, non-hire appellants, and new-hire appellants.

1. The March 4th Agreement Appellants.

The March 4th Agreement appellants are thirty-three individuals hired by the CNW who claim they were not given adequate seniority under the March 4th Agreement. This group can be subdivided into two classes: the ground service employees and the engine service employees.

a. The Ground Service Employees

Nine of the thirty-three March 4th appellants were former ground service employees of Rock Island represented by the UTU. These employees were subject to the October 22, 1980 interim implementing agreement. They claimed that this implementing agreement was improper for several reasons and went to arbitration to protest its terms. Their claims were rejected by the arbitrator.

b. The Engine Service Employees

Twenty-four of the March 4th appellants were former engine service employees represented by both the UTU and the BLE. These employees were subject to two February 16, 1982 implementing agreements reached between the CNW and their respective unions. These employees, like the ground service employees, claim that the implementing agreements governing their seniority were improper. These appellants, however, did not take their protests to arbitration.

2. The Non-Hire Appellants

This group comprises eighty-one employees who applied for employment with the CNW in 1980 or 1981 for available positions but were not hired. Instead, the CNW hired persons without prior service on either the Rock Island or the CNW. This group claims they had a right to be hired both under the March 4th Agreement and section 105 of RITEA, 45 U.S.C. § 1004.

3. The New-Hire Appellants

This group is made up of forty-four former Rock Island employees taken on by the CNW as "new hires" for

work the CNW claims did not arise out of the acquisition of the Rock Island. These appellants claim a deprivation of seniority rights under the terms of the March 4th Agreement.

B. The Arbitration of the Ground Service Appellants

The March 4th ground service employees contend that the arbitration proceeding of May 20, 1983, was improper and must be vacated. We agree.

1. The Duty of Fair Representation

While labor arbitrations are entitled to great deference, if such arbitrations are so tainted with unfair or fraudulent representation that they seriously undermine the integrity of the arbitral process, they must be set aside. *Hines v. Anchor Motor Freight,* 424 U.S. 554, 567 (1976).[11] In the present case, the arbitration concerning the ground service employees was clearly so tainted and must be vacated.

In order to establish unfair representation by a union, the claimants must show that the union's representation was "perfunctory, arbitrary, discriminatory, or in bad faith." *International Brotherhood of Electrical Workers v. Foust,* 442 U.S. 42, 47 (1979). A union representing a

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[11]An arbitration can also be set aside if its result does not draw its essence from the collective bargaining agreement. *See United Steelworkers of America v. Enterprise Wheel & Car Corp.,* 363 U.S. 593, 597 (1960); *International Brotherhood of Electrical Workers, Local Union No. 53 v. Sho-Me Power Corp.,* 715 F.2d 1322 (8th Cir. 1983). Because we find that the arbitration was tainted by unfair representation, we do not consider whether it drew its essence from the collective bargaining agreement of March 4, 1980.

majority bargaining coalition owes a strict supplementary duty of fair representation to the position of a minority group within the coalition with interests adverse to the majority. In *Steele v. Louisville & Nashville R.R.*, 323 U.S. 192 (1944), the Supreme Court held "that the organization chosen to represent a craft is to represent all of its members, the majority as well as the minority and is to act for and not against those whom it represents." *Id.* at 202. Further, in *Vaca v. Sipes*, 386 U.S. 171, 177 (1967), the Court declared:

> [T]he exclusive agent's statutory authority to represent all members of a designated unit includes a statutory obligation to serve the interests of all members without hostility or discrimination toward any, to exercise its discretion with complete good faith and honesty, and to avoid arbitrary conduct.

This duty to the interests of an adverse minority is perhaps most thoroughly delineated in the case of *Jones v. Trans World Airlines*, 495 F.2d 790 (2d Cir. 1974). In *Jones*, the Second Circuit found a breach of the duty of fair representation by a union representing an adverse minority group sufficient cause to set aside the seniority provisions of a collective bargaining agreement.

In *Jones*, Trans World Airlines (TWA) entered into a collective bargaining agreement with the International Association of Machinists and Aerospace Workers International Union (IAM) in January of 1970. Prior to this time, certain employees titled "passenger relations agents" had not been asked to join a union and were not required to join a union under the union security clause in effect at that time. Moreover, prior to that time, the collective

bargaining agreement provided that all employees would hold job seniority status as of the date of their job assignment.

Under the terms of the new agreement, the work of passenger relations agents was included within the jurisdiction of the IAM in the "guards" bargaining unit. TWA and IAM further agreed that the passenger relations employees would be treated as new hires for the purpose of seniority. The effect of this was to make any IAM members who wished to transfer to the job of passenger relations agent senior to all non-IAM employees who had previously held these positions, despite the fact that the old contract fixed seniority by the date of assignment to a given job classification.

In June of 1970, TWA announced that the passenger relations jobs were guard vacancies. Twelve members of the IAM guard union bid for the jobs and were given seniority as of the date they assumed the duties of passenger relations agents, i.e. June 22, 1970. The rest of the jobs were filled by non-IAM workers who were then holding these positions. These workers were given seniority as of the dates they joined the union, generally sometime in July or August of 1970. When the new union members found out they had less seniority than the twelve newcomers to their department, they brought an action in district court claiming that the unions had unfairly represented them. The district court denied relief.

The Second Circuit reversed. The court found that the only characteristic that distinguished the new union members from the employees afforded greater seniority was the fact of union membership prior to the January

1970 collective bargaining agreement. The court termed this sort of discrimination in the negotiation of seniority "arbitrary and invidious" and found that such conduct "violate[d] the union's duty to represent fairly all members of the bargaining unit." *Id.* at 797.

The court declared that, while the standard for unfair representation generally involves arbitrary, perfunctory, or discriminatory conduct, the union must meet a higher standard when the interests of an adverse minority are affected. Specifically, the court said the union representative must provide "substantive and procedural safeguards" for the minority group.

> [I]t is evident that a union may breach its duty of fair representation by actions other than those motivated by anti-minority animus. While it is true that situations in which a union violates its duty have been identified by such phrases as "hostile discrimination," * * * and "arbitrary, discriminatory," or "bad faith" conduct, * * * these phrases do not delimit the specific categories of violations of the duty of fair representation. They only serve to emphasize that the union has broad discretion to adjust the demands of competing groups within its constituency as long as it does not act arbitrarily. * * *
>
> *In the instant case, the IAM'S duty to the appellants was broader than a mere duty not to negotiate the 1970 contract seniority provisions out of hostility toward them. The objective of the duty of fair representation is to provide substantive and procedural safeguards for minority members of the collective bargaining unit.*

Id. at 798 (citations omitted and emphasis added).

The court then declared that the seniority of the former passenger relations employees should be determined as of the date of original job assignment.

In the present case, the union representatives of the CNW employees did not provide any substantive and procedural safeguards for minority members of the collective bargaining unit. Further, they failed to provide these safeguards in the face of both contractual guarantees to the contrary and repeated requests for proper process. Finally, the arbitration was tainted both because it was based on an improper implementing agreement and because it was conducted by the union in violation of its own constitution.

2. Impropriety of the October 22, 1980 Interim Implementing Agreement

The October 22, 1980 implementing agreement was negotiated by representatives of CNW employees in contravention of the terms and the purpose of the March 4th Agreement and it was thus hopelessly flawed.

The March 4th Agreement was designed to fill a practical necessity by easing the potentially troubled transition period during which the CNW acquired the Rock Island Railroad. The purpose of the March 4th Agreement was to provide the CNW labor peace in exchange for accommodation in terms of jobs and seniority for the former employees of the Rock Island Railroad. Thus, the terms of the March 4th Agreement were not a gratuitous gesture by the CNW to the former Rock Island employees, but represented "bargained-for" consideration in the truest sense of the term.

When a highly unionized rail carrier takes over the trackage of another highly unionized carrier, whether by merger or acquisition, unless assurances are made to the employees of both acquiring and acquired railroads, labor dislocation and strife is likely to be bitter and endemic. First, the employees of the acquired company face the personally devastating prospect of losing long-standing valued seniority rights and, more importantly, of losing jobs. In such a period, displaced employees are likely to force the representatives of their local and international unions into using pressure tactics to force the acquiring company into some sort of an accommodation, both in terms of rights to hire and job seniority. The acquiring companies are very susceptible to this sort of pressure, because they themselves are highly unionized—generally with the same unions as the acquired company. In addition, they are dependent on the skilled labor force which the union dominates.

The complication, however, does not end here. On the other side of the coin, the incumbent employees of the acquiring companies are likely to feel threatened by the hiring of new employees with advanced seniority rights and are likely to demand some sort of firm assurance, both in terms of their job status and vested seniority rights.

To settle these conflicts, a common and well-established practice in acquisitions or mergers is to engage in some sort of dovetailing of seniority. *See Humphrey v. Moore,* 375 U.S. 335, 347 (1964) (The integration or dovetailing of seniority is "a familiar and frequently equitable solution to the inevitably conflicting interests which arise in the wake of a merger or an absorption."). Indeed, fed-

eral cases deciding seniority issues in acquisitions and mergers subject to the Railway Labor Act reveal that some sort of dovetailing of seniority is almost "standard practice."[12]

In terms of seniority allocation for former Rock Island employees hired by acquiring railroads, section 9 of the March 4th Agreement, in highly ambiguous terms, sets forth procedures to determine job status. Specifically, it states:

> [A]greements will be reached on each purchasing carrier concerning the manner in which seniority will be allocated in filling additional job assignments, between the purchasing carrier's employees and the bankrupt carrier employees hired by the purchasing carrier.

March 4th Agreement at 7.

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[12]*See generally Masy v. New Jersey Transit Rail Operations,* 790 F.2d 322 (3rd Cir. 1986) (in which the court endorsed the dovetailing of seniority in the wake of acquisition of bankrupt commuter railroad by a solvent railroad, the acquisition being subject to the Railway Labor Act.) In *Laturner v. Burlington Northern, Inc.,* 501 F.2d 593 (9th Cir. 1974), the Ninth Circuit found correct the dovetailing of seniority after the consolidation of the Great Northern Railroad, the Northern Pacific and three of their operating subsidiaries stating, "It has long been recognized that the use of [dovetailing] to integrate seniority rosters is an equitable arrangement for resolving the inevitable conflicts which arise whenever a merger [or an absorption] occurs." *Id.* at 599 (citing *Humphrey v. Moore,* 375 U.S. at 347.) *See also Freeman v. Grand International Brotherhood of Locomotive Engineers,* 375 F. Supp. 81 (S.D. Ga. 1974) and *Wheeler v. Brotherhood of Locomotive Engineers,* 324 F. Supp. 818 (D. S.C. 1971) (where the respective district courts found proper the dovetailing of employee seniority after the merger of the Seaboard Airline and the Atlantic Coastline Railroads); and *Teamsters Local No. 42 v. N.L.R.B.,* 825 F.2d 608 (1st Cir. 1987) (finding unfair representation in local union's refusal to discuss the possibility of dovetailing seniority for new union members after the consolidation of unionized and nonunionized plants.)

Carefully parsing the words of this phrase, it is difficult to determine which parties are to negotiate this agreement. Upon analysis, however, it is clear that any correct interpretation must include the representatives of the former Rock Island employees in these negotiations.

One construction would have this phrase mean that an "agreement" would be reached at a future time with regard to seniority allocation as amongst the combined groups of pre-acquisition CNW employees and former employees of the Rock Island recently employed by the CNW. This construction would not in any way specify the parties to the potential agreement and would thus leave the selection of these parties completely within the control of the CNW. Such an utter abdication of power over selecting the parties to determine seniority, however, would result in the complete loss of control over seniority allocation and thus runs contrary to the purposes of the Agreement, i.e., to protect the interests of the former Rock Island employees and to avoid labor strife in the critical transition period. Moreover, if the purpose of the agreement was to give the company the power to determine seniority, it is likely that the agreement would simply have said this.

A second construction, implicitly urged by appellees, would have this clause create a procedure whereby seniority agreements would be reached between the CNW and representatives of the CNW's unions. The text, however, does not support such a construction. Further, the March 4th Agreement was designed to protect the senior rights of former Rock Island employees. Yet, it is vital to realize that there is no group that would be less inclined to pro-

tect the seniority rights of the Rock Island employees than the representative of the CNW employees. The reason is simple. Any seniority credit given Rock Island employees for work performed while with the Rock Island would adversely affect the seniority rights of the employees of the CNW. Given this, the representatives of the CNW unions could be expected to favor the interests of the pre-acquisition employees, utterly frustrating the purposes of the agreement. Thus, this second construction could not possibly be correct.

The third and correct construction would require the implementing agreements be reached with the *active and significant participation of the representatives of the former Rock Island employees.* Strong support for this construction is found in the March 4th Agreement's purpose, to protect the interests of former Rock Island employees, in the union's constitution, and in *Tucumcari,* which, in delineating internal UTU policy, declared that all employee representatives should participate in the negotiation of implementing agreements.

3. The Arbitration Proceeding Was Improper

The ground service employee arbitration was fundamentally improper, both because the arbitrator deferred to an invalid implementing agreement and because he was not provided with information vitally relevant to his decision.

The arbitrator clearly based his decision on the October 22, 1980 interim agreement. He declared, without support from the record or any coherent reason, that the Rock Island employees had sufficient participatory rights to

ensure the implementing agreement was consistent with the March 4th Agreement. Further, he specifically deferred to the October 22, 1980 agreement, declaring both that it would be inappropriate to make a redetermination of seniority and that prior rights and dovetailing were not contemplated by the March 4th Agreement.

Next, the arbitrator made his decision without an understanding of the requirements of the union's constitution. To conform with the UTU constitution, the union should have entered the arbitration with a unified position and actively sought seniority for Rock Island employees. What happened in the ground service employees' arbitration, however, could not have been more different. The union allowed the claims of the CNW employees with regard to the allocation of seniority—a position contrary to its centrally determined seniority policy—to go unchallenged to the arbitrator. This impropriety strongly contributed to providing a legitimate forum to a position which it had previously determined illegitimate and which otherwise would probably not have prevailed.

4. Conclusion

In *Jones,* the Second Circuit found that the duty of fair representation had been violated when a union preferred long-term members' interests to those of new members. In some intuitive ways this line of conduct by the union might seem justifiable. It might be argued the union owed more loyalty to those long term members than to those employees not yet members of the union. Nevertheless, the court found this conduct to be "arbitrary" and "invidious." Further, the court delineated a clear obli-

gation to represent these future members and to assure them substantive and procedural safeguards in the contract talks.

The inherent force of *Jones* cuts powerfully in favor of the Rock Island appellants. First, the former Rock Island employees are in a stronger position to assert unfair representation than the non-union passenger relations agents in *Jones*. While, in a sense, both groups stood poised to become members of the group represented by their bargaining agent, the Rock Island employees were already members of an international charged with representing their interests. Thus, not only are the Rock Island employees owed the substantive and procedural guarantees mandated by *Jones*—protections which were clearly not provided—but additional protection arising from their membership in the international union.

In addition, the UTU in the present case offended in more grievous ways affirmative duties of fair representation clearly imposed upon them. The March 4th Agreement and *Tucumcari* required the participation of the former Rock Island employees in the negotiation of the implementing agreements. Moreover, the union's own constitution required a unified position at the arbitration. Finally, during the critical period of the transition, the UTU was actively closing down and consolidating its Rock Island union locals. This likely made it more difficult for the former Rock Island employees to understand and guard their rights and to determine whether their interests were being adequately protected by the CNW employees' representatives.

For the foregoing reasons, neither the arbitration nor the October 22, 1980 implementing agreement upon which it was based can be sustained. We, therefore, remand these cases to the district court with directions to enter an order vacating the ground service employees' arbitration. We further direct the district court to order the parties to renegotiate an implementing agreement in line with the requirements set forth in the March 4th Agreement. In these negotiations, the representatives of the Rock Island employees will participate in an *active and significant manner*. We leave it to the International to determine whether representatives of the former Rock Island employees will be necessary parties to the agreement, as its internal decision in *Tucumcari* strongly suggests, or whether they will be carefully consulted by the International prior to its negotiating the agreement.

Should the first course be chosen and the parties fail to reach a satisfactory agreement, the International shall represent both the CNW and former Rock Island employees in the arbitration that is to follow under the terms of the March 4th Agreement. Before the matter goes to arbitration, the International shall develop a unified position consistent with its constitution and internal decisions to assure adequate protection of the seniority interests of the former Rock Island employees. If the second course is chosen, the International shall similarly be directed by its constitution and internal decisions. Again, should the parties fail to reach agreement, the International shall represent both the CNW and former Rock Island employees in line with a predetermined unified position.

C. March 4th Engine Services Employees

The Newton engine service employees claim that the seniority they received under the implementing agreements of February 22, 1982, was inadequate under the terms of the March 4th Agreement. They, like the Newton ground service appellants, allege that those implementing agreements were hopelessly biased because former Rock Island employees had no role in securing them and because they were negotiated by those with interests adverse to their own. Because of this fundamental impropriety, we find the February 22, 1982 implementing agreements to be in contravention of the March 4th Agreement and, hence, invalid.

As in the case of the ground service employees, we remand these cases to the district court with directions to enter an order requiring the parties to renegotiate these agreements in accordance with the requirements eof the March 4th Agreement. We direct that these agreements be negotiated in strict accordance with section IV(B)(4) of this opinion, with representatives of the Rock Island employees participating in an *active* and *significant* manner. Moreover, should the parties fail to reach agreement, subsequent arbitration of this matter shall also be governed by section IV(B)(4) of this opinion.

D. The Non-Hire Appellants

1. Overview

The appellants in this category are former Rock Island employees who claim a right to be hired under the March 4th Agreement and Section 105 of RITEA, 45

U.S.C. § 1004. As discussed above, the March 4th Agreement provides a right of first hire in terms of work arising out of the acquisition of former Rock Island trackage. RITEA provides a sweeping right of first hire to any former Rock Island employee who is not less qualified than other applicants for any position not covered by an affirmative action plan. These appellants allege that the CNW hired a great number of new workers who were not former Rock Island employees in violation of RITEA. Further, they allege that many of these new workers were hired to work on the former trackage of the Rock Island, thus violating the March 4th Agreement.

2. The Sunsetting Provision of 45 U.S.C. § 797(c)(f)

The arbitration provision which governs the appellants' claim is 45 U.S.C. § 797(c)(g). Subsection (f) of 45 U.S.C. § 797(c) states: "The provisions of this section shall cease to be effective on the expiration of the 6-year period beginning on August 13, 1981." Based upon this sunsetting provision, appellees argue that appellants have lost their right to arbitration. Appellants, on the other hand, contend that because the statutory subdivision containing the arbitration provision has lapsed, they now have a clear and unimpeded right to an action in federal court. The theories of both parties are incorrect.

3. Arbitration is Still Available to Appellants

Upon careful examination, it is clear that Congress did not intend to phase out arbitral redress for disputes involving preferential hiring under RITEA. When the evolving structure and purpose of 45 U.S.C. § 797(c) is carefully examined, it is apparent that the sunsetting pro-

vision of that section was intended to eliminate the Central Register of Railroad Employment administered by the Railroad Retirement Board (RRB) and not to cut off the right to arbitration for disputes concerning preferential hiring.[13]

45 U.S.C. § 797, which corresponds to Title VII of the Northeast Rail Service Act of 1981, Pub. L. No. 97-35, 95 Stat. 643 (1981) (NRSA), was a part of the massive Omnibus Budget Reconciliation Act of 1981, Pub. L. No. 97-35, 95 Stat. 357 (1981) (OBRA) designed, at least at the outset, to drastically reduce the size and commitments of the federal government.

Title VII, part of the effort to privatize the failing Conrail, allowed the railroad to end onerous protective obligations that had been established by Title V of the Rail Reorganization Act of 1973, Pub. L. No. 93-236, 87 Stat. 985 (1973). Specifically, Title VII allowed the railroad to terminate some employees or employee benefits in exchange for specified cash payments.

Part of the transition that was accomplished by Title VII involved the creation of a central register of displaced railroad employees. The register was to be of limited duration and was designed to assist employees in securing their preferential hiring rights. *See* NRSA § 704, 45 U.S.C. § 797(c). As originally introduced in Congress,

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[13]Moreover, even had Congress intended to eliminate arbitration for disputes concerning preferential hiring, it might well be considered fundamentally unfair to withdraw the arbitral remedy from those claims already pending in federal court on August 13, 1987. *Cf. Ralpho v. Bell*, 569 F.2d 607 (D.C. Cir. 1977).

§ 797(c) contained only the provisions found in subsections now codified (a) through (f). *See* H.R. 3488, 97th Cong., 1st Sess. § 303 (introduced May 5, 1981); S. 1377, 97th Cong., 1st Sess. §§ 413-4 (introduced June 7, 1981). Subsections (a) through (e) required the RRB to maintain a central register of displaced railroad employees to facilitate their reemployment and to assist in the implementation of preferential hiring rights. Subsection (f) was the sunset provision which allowed the RRB to end the registration apparatus within a reasonable time after the employee terminations allowed by NRSA.

It is important to note that subsection (g) of § 797(c), the arbitration provision at the heart of the present controversy, was not a coherent part of the legislative scheme of the original § 797(c), but only a last minute afterthought added later in conference. *See* H.R. Conf. Rep. No. 97-208, Book 1, 1st. Sess., 329-30 (1981). It must be remembered that OBRA itself has long been noted for the vast legislative confusion engendered and the significant number of drafting oversights and errors that occurred as it wended its way through the Congress. Given this background, it is likely that any implication that Congress intended the right to arbitration for preferential hiring to end with this sunsetting provision was inadvertent.

This likelihood of inadvertency becomes a certainty when one examines the internal structure of Title VII. Title VII addresses a broad range of issues affected by the NRSA.[14] With only a few exceptions, it subjects dis-

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[14] *E.g.*, negotiation of protection agreements (§ 797); termination allowances (§ 797(a)); preferential hiring (§ 797(b));

(Continued on following page)

putes concerning these various topics to resolution under § 714, 45 U.S.C. § 797(m), which provides for arbitration by an adjustment board under § 3 of the Railway Labor Act, 45 U.S.C. § 153. Section 714 has no sunset provision.

The right to preferential hire was one of the few exceptions to arbitration under § 797(m), largely because the right to preferential hire was initially related to the central register maintained by the RRB. The only substantive difference between § 797(c)(g), the arbitration provision at issue here, and § 797(m) is that the former subjects the right to arbitration to a preliminary screening by the RRB, the board charged with maintaining the central register. The substantive arbitration of both types of disputes is eventually accomplished by an adjustment board under 45 U.S.C. § 153. While the central register was in existence, it certainly made sense to subject preferential hiring claims to a preliminary screening by the RRB, which would be likely to have all the relevant information concerning these claims close at hand. Yet, the Congress could not have intended to cut off the right to arbitration completely to employees who had preferential hiring claims when the central register ceased to exist, particularly when arbitration was still available to those asserting grievances under almost all the other topic areas covered by Title VII.

(Continued from previous page)

maintenance of a central register of railroad employment (§ 797(c)); election and treatment of benefits (§ 797(d)); arrangement of work (§ 797(e)); contracting out (§ 797(f)); new collective bargaining agreements (§ 797(g)); employee and personal injury claims (§ 797(h)); limitation on liability (§ 797(i)); preemption (§ 797(h)); factfinding panels regarding certain collective bargaining issues (§ 797(i)); and arbitration of disputes (§ 797(m)).

We, therefore, find, as a matter of statutory interpretation, that the sunsetting provision of 45 U.S.C. § 797(c) only applies to the maintenance of the Central Register of Employees required under Title VII and that claims involving preferential hiring of former Rock Island employees with the CNW remain subject to arbitration by an adjustment board under § 3 of the Railway Labor Act, 45 U.S.C. § 153.

4. Conclusion

a. Specific Remedy to Non-Hire Appellants

Given the fact that the right to arbitration under 45 U.S.C. § 797(c)(g) still is open to appellants, we remand to the district court with directions to send the disputes under RITEA to be resolved by an adjustment board under section 3 of the Railway Labor Act. Moreover, the adjustment board should, at the same time, consider appellants' claims arising under the March 4th Agreement.

b. Laches

Because neither RITEA nor the March 4th Agreement has any specific period of limitations, we leave to the arbitrator the question of whether the claims of the non-hire appellants are barred by laches.

In deciding this issue, the arbitrator is directed to take into account the following factors. First, the arbitrator should consider the delay in seeking redress caused by the closing of the Rock Island locals by various internationals. In this regard, the arbitrator should determine whether the former Rock Island employees were adequately informed of their rights under RITEA and the March 4th

Agreement. Specifically, he should determine whether there were false assurances made by union representatives to the effect that Rock Island grievances would be redressed and the effect such assurances might have had in delaying action by the Rock Island employees.

Second, the arbitrator should take into account the cumulative effect of the serious unfair representation by the internationals in terms of the March 4th appellants. Not only did the unions act unfairly in the negotiation of the implementation agreements but they also did not properly represent the former Rock Island employees in the arbitration. This unfairness by the internationals to the March 4th appellants may have convinced the non-hire appellants that it would be futile to process their claims through conventional channels because they believed they could not rely on their union representatives to adequately represent their interests.

E. The New-Hire Appellants

A fourth group of claimants are the new-hire appellants. These appellants were hired by the Rock Island after its acquisition by the CNW. They received no seniority and contend that their rights were violated under the March 4th Agreement. The CNW contends that the jobs the new hire appellants received did not arise out of the work related to the Rock Island acquisition, and thus they were not deserving of any seniority under the March 4th Agreement. Clearly, if the work did not arise directly from the Rock Island acquisition, the CNW is correct.

These new-hire appellants have the right to have their claims submitted to a neutral arbitrator to determine

whether the jobs they received arose from the acquisition and, if they did, what seniority rights are due these appellants. Appellants' claims are, of course, subject to the defense of laches. In determining whether appellants' claims are barred by laches, the arbitrator should take into account all those factors listed in section IV(D)(4)(b) of this opinion.

V. CONCLUSION

This matter is remanded to the district court for action consistent with this opinion. Each party will bear its own costs on appeal. The mandate of this Court shall issue forthwith.

A true copy.

Attest:

CLERK, U. S. COURT OF APPEALS,
EIGHTH CIRCUIT.

UNITED STATES COURT OF APPEALS
FOR THE EIGHTH CIRCUIT

Nos. 86-1369/70/72/73/
74/86-1950 and 87-1325SI

L. Lee Beardsly,	)	
	)	
Appellant,	)	
	)	Appeals from the
vs.	)	United States
	)	District Court for
Chicago & North Western	)	the Southern
Transportation Company,	)	District of Iowa.
et al.,	)	
	)	
Appellees.	)	

Appellees' petitions for rehearing en banc have been considered by the Court and are denied.

Hon. C. Arlen Beam recused himself.

Petitions for rehearing by the panel are also denied.

September 14, 1988

Order entered at the Direction of the Court:

/s/ Robert D. St. Vrain, per CD
Clerk, U. S. Court of Appeals, Eighth Circuit.

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF IOWA
CENTRAL DIVISION

(Filed April 16, 1985)

JOHN E. REECE, et al.,	)	
	)	
Plaintiffs,	)	CIVIL
	)	NO. 83-640-B
v.	)	
	)	MEMORANDUM
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,	)	OPINION, RULING AND ORDER
	)	
Defendants.	)	

There is before the court for ruling the motion of defendant Chicago and Northwestern Transportation Company (hereinafter CNW) to dismiss[1] or, in the alternative, for summary judgment.

Plaintiffs are former employees of the Chicago, Rock Island and Pacific Railroad Company (hereinafter Rock Island). CNW is the purchaser of certain segments of the Rock Island. Defendant United Transportation Union (hereinafter UTU) is the certified collective bargaining representative of CNW's ground service employees. Defendant Brotherhood of Locomotive Engineers (hereinafter BLE) is the certified collective bargaining representative of CNW's engine service employees when they are working as engineers. The United Transportation Union (Enginemen) (hereinafter UTU-E), a division of defendant UTU, is the certified collective bargaining represen-

tative of CNW's engine service employees when they are working as firemen or hostlers.

The complaint alleges violations of a contract entered into on March 4, 1980, violations of the Rock Island Railroad Transition and Employees' Assistance Act, 45 U.S.C. § 1001, et seq. (hereinafter Rock Island Act), and violations of the duty of fair representation under the Railway Labor Act, 45 U.S.C. § 151 et seq.

BACKGROUND

The case has its origins in the bankruptcy of the Rock Island. In September, 1979, the Interstate Commerce Commission (hereinafter I.C.C.) concluded that the Rock Island had run out of cash making its continuing operation impossible in the face of national transportation requirements. The Rock Island ceased operations on September 21, 1979. Certain rail carriers were ordered pursuant to law to provide temporary service on the Rock Island Lines under the directed service provisions of the I.C.C. Act, 49 U.S.C. § 11125.

On March 4, 1980, thirteen railroads, including the CNW, and fifteen railroad unions, including the defendant unions, entered into an agreement known as the "March 4th Agreement," which recited, among other things, that its purpose was to provide a "fair, equitable and complete arrangement for protection of . . . Rock Island employees taken into the employ of interim service operators and purchasing carriers signatory hereto and to enable the interim service operator or purchasing carrier to be operated in the most efficient manner."

The March 4th Agreement provides, among other things, that:

> A purchasing carrier shall determine its necessary additional manpower requirements by craft due to its taking over . . . Rock Island . . . Lines.

The Agreement further provides:

> As a carrier determines its need for additional employees under this Article, it shall allow eligible employees in seniority order to the Rock Island . . . the first right of hire respectively.

On March 18, 1980, the I.C.C. authorized CNW to operate on a portion of the lines of the Rock Island which had ceased operations. Later the CNW became "purchasing carrier" of certain railroad lines of the Rock Island as that term is defined in Article I, § 1(a) of the March 4th Agreement.

The Rock Island Act was signed into law by the President on May 30, 1980. Provisions which are relevant provide a first right of hire for Rock Island employees by other rail carriers, Section 105, 45 U.S.C. § 1004, and a requirement that the I.C.C., in allowing an operator to temporarily operate over any Rock Island Lines, must require that the operator use, to the maximum extent practicable, those former Rock Island employees who had provided service over those lines for the Rock Island, Section 122, 45 U.S.C. § 1017.

Plaintiffs formerly worked for the Rock Island on lines acquired by CNW as purchasing carrier. They were not hired by CNW.

PLAINTIFFS' SECTION 105 CLAIMS

Plaintiffs assert claims under section 105 of the Rock Island Act, 45 U.S.C. § 1004. The CNW contends that 45 U.S.C. § 797c(g) gives administrative tribunals exclusive jurisdiction over such claims and therefore deprives the court of subject matter jurisdiction over plaintiffs' section 105 claims.

Plaintiffs do not dispute that 45 U.S.C. § 797c(g) applies to their section 105 claims. That statute expressly provides that "[a]ny dispute, grievance, or claim arising under" section 105 of the Rock Island Act (as well as two other preferential hiring statutes) "shall be subject to resolution in accordance with" a prescribed two-step dispute resolution process. The first step prescribed is for a claimant to petition the Railroad Retirement Board to investigate his claim [45 U.S.C. §797c(g)(1)]; the second step, if the Retirement Board determines that section 105 "may have been violated," is for the claimant to submit his claim to an adjustment board established under the Railway Labor Act [45 U.S.C. § 797c(g)(2)]. The sole issue for the court, therefore, is whether these prescribed procedures are mandatory, as the CNW contends, or permissive, as plaintiffs contend.

In *Brotherhood of Locomotive Engineers v. Burlington Northern, Inc.*, 580 F. Supp. 797 (D. Colo. 1984), the court held that 45 U.S.C. § 797c(g) requires the dismissal of preferential hiring claims for lack of subject matter jurisdiction. This court agrees. The dispute resolution procedures prescribed by 45 U.S.C. § 797c(g) are mandatory. The key language of that statute—"shall be subject to resolution in accordance with"—is unambiguous and plain-

ly mandatory. This language cannot reasonably be interpreted to give claimants a choice between following the prescribed administrative procedures or coming to court. Accordingly, the plaintiffs' section 105 claims must be dismissed.

PLAINTIFFS' SECTION 122 CLAIMS

The second statutory claim asserted by plaintiffs is based on section 122 of the Rock Island Act, 45 U.S.C. § 1017. The CNW contends that this statute creates no private right of action and, therefore, that plaintiffs have not stated a claim against the CNW based on this statute. The CNW also contends that even if plaintiffs could assert a damage claim against it for an alleged violation of section 122, such a claim, like plaintiffs' section 105 claim, would be subject to exclusive jurisdiction of administrative tribunals and therefore would be outside this court's subject matter jurisdiction.

Section 122 is not a directive or prohibition addressed to any private party. It merely directs the I.C.C., in authorizing carriers to conduct temporary operations over former Rock Island lines, to "require, to the maximum extent practicable, the use of the employees who would normally have performed work in connection with the traffic subject to the action of the Commission." It neither expressly grants nor denies a private cause of action, and, therefore, the "ultimate issue . . . is whether Congress intended to authorize the implied cause of action asserted in this case." *Grassley v. Legal Services Corp.*, 535 F. Supp. 818, 821 (S.D. Ia. 1982).

In ascertaining congressional intent, courts first look to the language of the statute. Section 122 does not speak

in terms of "rights" provided to former Rock Island employees. It thus stands in sharp contrast to section 105 of the same statute, which expressly provides former Rock Island employees with a "first *right* of hire." Nor does section 122 direct private parties, such as the CNW, to act in a particular way. Rather, it is phrased as a directive to the I.C.C. As the Supreme Court held in *Universities Research Association, Inc. v. Coutu*, 450 U.S. 754 (1981), such a "command to a federal agency" provides "no support for the implication of a private remedy." *Id.* at 772-73.

Courts next look to the legislative history of the statute to see if it contains an indication that Congress intended the statute to be enforceable by a private right of action. Plaintiffs identify no legislative history supporting a private right of action in this case. At most, therefore, the legislative history of the Rock Island Act is silent on the question of private enforcement of section 122.

Under these circumstances, it is clear that section 122 is not enforceable by a private right of action. As the Supreme Court stated in *Touche Ross & Co. v. Redington, Trustee*, 442 U.S. 560, 571 (1979), "implying a private right of action on the basis of congressional silence is a hazardous enterprise, at best." In that case, like this one, the statute "by its terms grant[ed] no private rights to any identifiable class and proscribe[d] no conduct as unlawful," and the legislative history "simply [did] not speak to the issue of private remedies." *Id.* at 576.

The court concludes that section 122 does not create a private right of action, and plaintiffs' claims under that statute must be dismissed.[2]

The foregoing being dispositive of plaintiffs' section 122 claims, the court does not address CNW's alternative contention that exclusive jurisdiction rests with administrative tribunals.

PLAINTIFFS' CONTRACT CLAIMS

Plaintiffs contend that the March 4th Agreement gave them a right to be hired by the CNW and the CNW breached that agreement by not hiring them. Plaintiffs assert that the CNW did not comply with sections 2 and 3 of Article II of the agreement, which require railroads purchasing Rock Island lines to hire former Rock Island employees in seniority order to fill the "necessary additional manpower requirements" determined by the purchasing railroad to be "due to its taking over those Rock Island . . . Lines." The CNW contends that this breach of contract claim is subject to the exclusive jurisdiction of adjustment boards under the Railway Labor Act, and that the court should dismiss this claim for lack of subject matter jurisdiction.

Section 3 First (i) of the Railway Labor Act, 45 U.S.C. § 153 First (i), vests adjustment boards with exclusive jurisdiction over disputes "growing out of grievances or out of the interpretation or application of agreements concerning rates of pay, rules, or working conditions." Courts therefore have no subject matter jurisdiction over such disputes. See *Union Pacific Railroad Co. v. Sheehan*, 439 U.S. 89, 94 (1978); *Andrews v. Louisville & Nashville Railroad Co.*, 406 U.S. 320 (1972); *Landfried v. Terminal Railroad Association of St. Louis*, 721 F.2d 254, 255 (8th Cir. 1983), *cert. denied*, 52 U.S.L.W. 3720 (1984).

The March 4th Agreement deals with such matters as seniority, compensation guarantees, and discharge. It therefore concerns "rates of pay, rules, [and] working conditions." This is clear not only from the coverage of the agreement itself, but also from the decisions of the United States Court of Appeals for this circuit with respect to agreements concerning such matters in *General Committee of Adjustment v. Burlington Northern, Inc.*, 563 F.2d 1279 (8th Cir. 1977) and in *United Transportation Union-E v. Burlington Northern, Inc.*, 470 F.2d 813 (8th Cir. 1972). The Eighth Circuit determined in both of these cases that adjustment boards had jurisdiction over disputes concerning labor protective agreements which, like the March 4th Agreement, established the terms pursuant to which railroads' work forces would be consolidated.

Plaintiffs' contract claim turns on the "interpretation or application" of the March 4th Agreement, and therefore it is the type of dispute that the Railway Labor Act subjects to the exclusive jurisdiction of adjustment boards. Accordingly, plaintiffs' contract claim will be dismissed for lack of subject matter jurisdiction.[3]

PLAINTIFFS' UNFAIR REPRESENTATION CLAIM

Plaintiffs' final claim is that their unions breached their duty of fair representation by failing to enforce their alleged rights under the Rock Island Act and the March 4th Agreement, and that the CNW conspired or participated in the breach by negotiating with the defendant unions in bad faith. The CNW moves to dismiss this claim for failure to state a claim against it.

To state a claim for unfair representation against an employer, a plaintiff first must plead "good faith allegations and facts supporting those allegations indicating collusion or otherwise tying the railroad and the union together" in "denying the employee [his] rights under the contract and the Railway Labor Act." *Raus v. Brotherhood of Railway Carmen,* 663 F.2d 791, 798 (8th Cir. 1981).

"[A] complaint should not be dismissed for failure to state a claim unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief." *Conley v. Gibson,* 355 U.S. 41, 45-46 (1957). In *Scheuer v. Rhodes,* 416 U.S. 232 (1974), the Supreme Court articulated the test as follows:

> When a federal court reviews the sufficiency of a complaint, before the reception of any evidence either by affidavit or admissions, its task is necessarily a limited one. The issue is not whether a plaintiff will ultimately prevail but whether the claimant is entitled to offer evidence to support the claims. Indeed it may appear on the face of the pleadings that a recovery is very remote and unlikely but that is not the test. Moreover, it is well established that, in passing on a motion to dismiss, whether on the ground of lack of jurisdiction over the subject matter or for failure to state a cause of action, the allegations of the complaint should be construed favorably to the pleader.

Id. at 236.

I believe that plaintiffs' unfair representation claim against the CNW is pleaded sufficiently to withstand the CNW's motion to dismiss.

RULING AND ORDER

The CNW's motion is granted as to the section 105 claims, the section 122 claims, and the contract claims, and it is ordered that those claims be dismissed.

The CNW's motion is denied as to the unfair representation claims.

DATED this 16th day of April, 1985.

/s/ Harold D. Vietor
HAROLD D. VIETOR
United States District Judge

FOOTNOTES

[1]The motion was filed after CNW answered the complaint, so technically it is a motion for judgment on the pleadings rather than a motion to dismiss. Fed. R. Civ. P. 12(b) and (c).

[2]Plaintiffs also contend that 28 USC § 1336 gives them the right to sue for damages for alleged violations of I.C.C. orders issued pursuant to section 122. Section 1336 of Title 28 is merely a jurisdictional statute: it permits the federal courts to exercise subject matter jurisdiction over causes of action authorized by other statutes but does not itself authorize a private right of action for damages.

[3]Plaintiffs contend that section 3 First (i) is not applicable to their claims because they are not CNW employees. Section 3 First (i) applied to disputes between any railroad "employee" and a "carrier or carriers." Section 1 Fifth of the Act, 45 U.S.C. § 151 Fifth, defines "employee" as "every person in the service of a carrier." Because plaintiffs remain Rock Island employees for purposes of the March 4th Agreement [Art. II, § 7, Pl. Br. 51], they are "employees" within the meaning of the Railway Labor Act, including section 3 First (i). Their claims against the CNW are therefore subject to the jurisdiction of adjustment boards even though they are not CNW employees. *See Consolidated Rail Corp. v. Delaware & Hudson Railway Co.*, 499 F. Supp. 967 (E.D. Pa. 1980) (dispute between D&H Employee and Conrail held subject to adjustment board jurisdiction).

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF IOWA
CENTRAL DIVISION

VANE NEWTON, et al.,	) CIVIL NO.
	) 83-641-D
Plaintiffs,	)
	) MEMORANDUM
v.	) OPINION,
	) RULINGS AND
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,	) ORDER
	)
	) (Filed April
	) 16, 1985)
Defendants.	)

There is before the court for ruling the motion of defendant Chicago and Northwestern Transportation Company (hereinafter CNW) for summary judgment, or, in the alternative, to dismiss.[1]

Plaintiffs are former ground service and engine service employees of the Chicago, Rock Island and Pacific Railroad Company (hereinafter Rock Island). CNW is the purchaser of certain segments of the Rock Island. Defendant United Transportation Union (hereinafter UTU) is the certified collective bargaining representative of CNW's ground service employees. Defendant Brotherhood of Locomotive Engineers (hereinafter BLE) is the certified collective bargaining representative of CNW's engine service employees when they are working as engineers. The United Transportation Union (Enginemen) (hereinafter UTU-E), a division of defendant UTU, is the certified collective bargaining representative of CNW's engine service employees when they are working as firemen or hostlers.

The complaint alleges violations of a contract entered into on March 4, 1980, violations of the Rock Island Railroad Transition and Employees' Assistance Act, 45 U.S.C. § 1001, et seq. (hereinafter Rock Island Act), and violations of the duty of fair representation under the Railway Labor Act, 45 U.S.C. § 151 et seq.

BACKGROUND

The case has its origins in the bankruptcy of the Rock Island. In September, 1979, the Interstate Commerce Commission (hereinafter I.C.C.) concluded that the Rock Island had run out of cash making its continuing operation impossible in the face of national transportation requirements. The Rock Island ceased operations on September 21, 1979. Certain rail carriers were ordered pursuant to law to provide temporary service on the Rock Island Lines under the directed service provisions of the I.C.C. Act, 49 U.S.C. § 11125.

On March 4, 1980, thirteen railroads, including the CNW, and fifteen railroad unions, including the defendant unions, entered into an agreement known as the "March 4th Agreement," which recited, among other things, that its purpose was to provide a "fair, equitable and complete arrangement for protection of . . . Rock Island employees taken into the employ of interim service operators and purchasing carriers signatory hereto and to enable the interim service operator or purchasing carrier to be operated in the most efficient manner . . ."

The March 4th Agreement provides, among other things, that:

> A purchasing carrier shall determine its necessary additional manpower requirements by craft due to its taking over . . . Rock Island . . . Lines.

The Agreement further provides:

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On March 18, 1980, the I.C.C. authorized CNW to operate on a portion of the lines of the Rock Island which had ceased operations. Later the CNW became "purchasing carrier" of certain railroad lines of the Rock Island as that term is defined in Article I, § 1(a) of the March 4th Agreement.

The Rock Island Act was signed into law by the President on May 30, 1980. Provisions which are relevant provide a first right of hire for Rock Island employees by other rail carriers, Section 105, 45 U.S.C. § 1004, and a requirement that the I.C.C., in allowing an operator to temporarily operate over any Rock Island Lines, must require that the operator use, to the maximum extent practicable, those former Rock Island employees who had provided service over those lines for the Rock Island, Section 122, 45 U.S.C. § 1017.

The plaintiffs are former ground service and engine service employees of the Rock Island. After the Rock Island ceased operations, the plaintiffs were hired by the CNW pursuant to the March 4th Agreement. Article II, § 9 of the agreement directs carriers that hire former Rock Island employees pursuant to its provisions to negotiate with employee representatives "concerning the manner

in which seniority will be allocated" between employees of the carrier and the hired former Rock Island employees "in filling addtional job assignments." It further provides that if an agreement allocating seniority is not reached, the matter is subject to binding arbitration.

After plaintiffs were hired, negotiations took place between the CNW and the unions representing the plaintiffs in an effort to reach an agreement allocating seniority between the Rock Island employees hired by the CNW and the CNW's other employees. In the case of the ground service plaintiffs (conductors, trainmen, and switchmen), who were represented by the defendant UTU, an agreement acceptable to both the CNW employees' representatives and the former Rock Island employees' representatives was not reached. Accordingly, the UTU submitted the dispute over the seniority arrangements for the former Rock Island ground employees to binding arbitration pursuant to Article II, § 9(b) of the March 4th Agreement. The arbitrator, appointed by the National Mediation Board, issued his decision on May 20, 1983. In the case of the engine service plaintiffs (engineers, firemen, and hostlers), who were represented by the defendant BLE and by the UTU-E, implementing agreements allocating the former Rock Island employees seniority were executed by the unions and the CNW on February 16, 1982.

PLAINTIFFS' CLAIMS

The ground service plaintiffs contend they should have received better seniority arrangements than were awarded by the federally appointed arbitrator. Similarly, the engine service plaintiffs contend that they should have re-

ceived better seniority arrangements than were agreed to by their unions and the CNW. Both sets of plaintiffs assert that their unions breached their duty of fair representation and that if the unions had represented them fairly, they would have received better seniority arrangements. Plaintiffs seek damages from the union defendants. In addition, plaintiffs assert that the CNW participated in this alleged unfair representaton and, therefore, that it too should be liable for damages.[2]

ADEQUACY OF CLAIMS

The CNW moves to dismiss and for summary judgment contending that plaintiffs' allegations are inadequate to state claims of breach of duty of fair representation and that undisputed facts conclusively establish that plaintiffs cannot prove unfair representation by the unions or participation in any unfair representation by the CNW.

"[A] complaint should not be dismissed for failure to state a claim unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitled him to relief." *Conley v. Gibson,* 355 U.S. 41, 45-46 (1957). In *Scheuer v. Rhodes,* 416 U.S. 232 (1974), the Supreme Court articulated the test as follows:

> When a federal court reviews the sufficiency of a complaint, before the reception of any evidence either by affidavit or admissions, its task is necessarily a limited one. The issue is not whether a plaintiff will ultimately prevail but whether the claimant is entitled to offer evidence to support the claims. Indeed it may appear on the face of the pleadings that a recovery is very remote and unlikely but that is not the test. Moreover, it is well established that, in passing on a motion to dismiss, whether on the ground of lack of

> jurisdiction over the subject matter or for failure to state a cause of action, the allegations of the complaint should be construed favorably to the pleader.

Id. at 236.

Summary judgment should not be granted unless the record shows that there is no genuine issue of material fact and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c); *Vette Co. v. Aetna Casualty & Surety Co.*, 612 F.2d 1076, 1077 (8th Cir. 1980). The drastic nature of the summary judgment places a burden on the defendant to establish, with such clarity as to leave no room for controversy, that the plaintiffs are not entitled to recover under any circumstances. *Champale, Inc. v. Joseph S. Pickett & Sons, Inc.*, 599 F.2d 857, 859 (8th Cir. 1979). The evidence must be viewed in the light most favorable to the party opposing the motion. *Id.*

Although the record presented may lead one to think it unlikely that either the ground service plaintiffs or the engine service plaintiffs will ultimately prevail against the CNW on their unfair representation claims, this court cannot conclude that the record establishes with such clarity as to leave no room for controversy that plaintiffs are not entitled to recover under any circumstances.

STATUTE OF LIMITATIONS

The CNW also moves for summary judgment in respect to the claims of the engine service plaintiffs on the ground that their claims are barred by the applicable statute of limitations.

The limitations period that governs plaintiffs' claims is six months. Section 10(b), National Labor Relations

Act, 29 U.S.C. § 160(b) (1973). The Supreme Court determined this to be the appropriate limitations period for unfair representation claims under the National Labor Relations Act in *Del Costello v. International Brotherhood of Teamsters*, 462 U.S. 151 (1983), and the United States Court of Appeals for this Circuit has held that this six-month limitations period is to be applied retroactively, *Lincoln v. District 9*, 723 F.2d 627, 630 (8th Cir. 1983), and it applies to unfair representation claims, like plaintiffs', that are brought under the Railway Labor Act. *Hunt v. Missouri Pacific Railroad Co.*, 729 F.2d 579, 581 (8th Cir. 1984). Accordingly, since the complaint in this case was filed on November 18, 1983, plaintiffs' claims are barred if their cause of action accrued more than six months earlier—*i.e.*, prior to May 18, 1983.

The question of when an unfair representation cause of action accrues is a matter of federal law. See *Gatlin v. Missouri Pacific Railroad Co.*, 631 F.2d 551, 554 (8th Cir. 1980); *Butler v. Local Union 823, International Brotherhood of Teamsters*, 514 F.2d 442, 448-49 (8th Cir. 1974), *cert. denied*, 423 U.S. 924 (1975). Under federal law, plaintiffs' claim accrued on February 16, 1982, 21 months before this suit was filed. This is because (a) the injury about which plaintiffs complain—the allegedly disadvantageous allocation of seniority—became "fixed and reasonably certain" at the time the implementing agreements were signed, and (b) the unions took no action of any consequence after that time. See *Hafer v. Air Line Pilots Association*, 525 F. Supp. 874, 877 (D. Hawaii 1981), *aff'd*, 698 F.2d 1230 (9th Cir. 1983), *quoting Archer v. Air Line Pilots Association*, 609 F.2d 934 (9th Cir. 1979), *cert. denied*, 446 U.S. 953 (1980).

Plaintiffs seek to avoid the bar of limitations by asserting that the so-called "discovery rule" applies and that they did not discover the existence of their cause of action until after May 18, 1983, because "they have only recently discovered the wrongful acts of the Defendant Unions and . . . much of the wrongful conduct has only been discovered within 6 months of the filing of this litigation." [Pl. Br. 56.] Specifically, they assert that they discovered only recently that (a) the February 16, 1982 agreements "were apparently not ratified or executed in accordance with" the unions' constitution, (b) the defendants acted to exclude appropriate Rock Island representatives from the implementing agreement negotiations and otherwise failed to follow procedures prescribed by the unions' constitutions, and (c) plaintiffs' locals were wrongfully closed. [Pl. Br. 56-57]. The court holds that even if the discovery rule applies to plaintiffs' challenge to the February 16, 1982 implementing agreements, their cause of action nevertheless accrued prior to May 18, 1983.

It is the knowledge of injury and its immediate cause that starts the running of a limitations period under the discovery rule, not the knowledge of whether that injury is legally actionable. E.g., *United States v. Kubrick,* 444 U.S. 111 (1979); *Dyniewicz v. United States,* 742 F.2d 484, 486-87 (9th Cir. 1984). Thus, a cause of action challenging a seniority agreement accrues under the discovery rule when the plaintiffs know or should have discovered the terms of the agreement. *Benson v. General Motors Corp.,* 716 F.2d 862, 864 (11th Cir. 1983). See also *Farr v. H. K. Porter Co.,* 747 F.2d 502, 505-06 (5th Cir. 1984). Plaintiffs do not contend that they failed to discover the existence of

the February 16, 1982 agreements and their effect on plaintiffs' seniority during the 15 months between the signing of those agreements and May 18, 1983. Their challenge to the February 16, 1982 agreements is therefore time-barred regardless of when they discovered the particular facts upon which they base their unfair representation claim.

Moreover, plaintiffs' unfair representation claim is time-barred even under their interpretation of the discovery rule. For plaintiff's claim to be timely under their own theory, they would have to show not merely that they did not discover the particular wrongful union acts until after May 18, 1983; they would have to show also that they exercised due diligence within the six months after they learned about the seniority arrangements established by the February 16, 1982 agreements. Plaintiffs have failed to make such a showing. None of the plaintiffs states in his affidavit that he made any effort at any time prior to May 18, 1983 to investigate whether or not the implementing agreements had been ratified, who was involved in the negotiation of the agreements and whether anyone was excluded, or whether any provisions of the unions' constitutions had not been followed in the negotiation and/or signing of the agreements. Nor do any of the plaintiffs' affidavits state why they could not have investigated these matters prior to May 18, 1983.

Alternatively, plaintiffs seek to avoid the bar of limitations by asserting that the running of the limitations period was postponed until after May 18, 1983 because of "fraudulent concealment" by the unions. The court finds that plaintiffs have failed to show that this tolling doctrine applies to their claims for three reasons.

First, as with the "discovery rule," a plaintiff is entitled to the benefit of the "fraudulent concealment" doctrine only if he demonstrates that during the limitations period he exercised due diligence to discover the existence of his cause of action and that, despite this due diligence, he failed to discover the cause of action within the limitations period. See, *e.g., Campbell v. The Upjohn Co.,* 676 F.2d 1122, 1126-27 (6th Cir. 1982). Plaintiffs' affidavits fail to demonstrate the exercise of due diligence prior to May 18, 1983.

Second, even a plaintiff who has exercised "due diligence" can benefit from the "fraudulent concealment" doctrine only if during the limitations period the defendant has wrongfully concealed from the plaintiff facts underlying the plaintiff's cause of action. See, *e.g., Campbell v. The Upjohn Co., supra,* 676 F.2d at 1126. Neither plaintiffs' affidavits nor anything else in the record point to any wrongful concealment by the unions, much less any wrongful concealment by the CNW. Silence or passive conduct is not sufficient to toll the running of the limitations period. See *Dyniewicz v. United States, supra,* 742 F.2d at 487; *Woollett v. Bankers Life Co.,* 572 F. Supp. 650, 658 (E. D. Mich. 1983).

Third, plaintiffs have not alleged any concealment, active or passive, by the CNW. Accordingly, even if the statute could be tolled as to plaintiffs' claims against the unions, plaintiffs have failed to demonstrate that it should be tolled as to their claims against the CNW.

RULINGS AND ORDER

The CNW's motion for summary judgment is denied as to the ground service plaintiffs and is sustained, only

on the statute of limitations ground, as to the engine service plaintiffs.

The CNW's alternative motion to dismiss is denied.

It is ordered that plaintiffs' counsel shall promptly certify to the clerk of this court the names of the engine service plaintiffs and the clerk shall then enter judgment of dismissal in favor of defendant CNW and against those engine service plaintiffs.

DATED this 16th day of April, 1985.

/s/ Harold D. Vietor
HAROLD D. VIETOR
United States District Judge

FOOTNOTES

[1]The motion was filed after CNW answered the complaint, so technically it is a motion for judgment on the pleadings rather than a motion to dismiss. Fed. R. Civ. P. 12(b) and (c).

[2]While paragraph 18 of the complaint alleges that the CNW breached the March 4th Agreement by not "recogniz[ing] their previous seniority standing," plaintiffs have apparently dropped this claim. [See Pl. Br. 7, 9.] In any event, the March 4th Agreement does not require seniority to be allocated in any particular manner. Accordingly, plaintiffs have not stated a claim against the CNW for breach of the March 4th Agreement.

Plaintiffs also assert that the CNW violated section 122 of the Rock Island Act, 45 U.S.C. § 1017, by not recognizing their Rock Island seniority during the period it was operating under temporary I.C.C. authority. This allegation fails to state a claim against the CNW both because section 122 says nothing about seniority and because section 122 is not enforceable by a private right of action. *Reece v. Chicago and Northwestern Transportation Company*, Civil No. 83-640-B (S.D. Ia.) Ruling, April 16, 1985.

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF IOWA
CENTRAL DIVISION

(Filed February 19, 1986)

VANE NEWTON, et al.,	)	
	)	
Plaintiffs,	)	
	)	CIVIL
v.	)	NO. 83-641-D
	)	
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,	)	RULINGS AND ORDERS
	)	
Defendants.	)	

JOHN E. REECE, et al.,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	CIVIL
	)	NO. 83-640-B
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,	)	
	)	
	)	
	)	
Defendants.	)	

JACK L. CHAMBERS, et al.,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	CIVIL
	)	NO. 84-79-B

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,

Defendants.

ROGER SWIFT, et al.,

Plaintiffs,

v.

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,

Defendants.

CIVIL NO. 84-80-B

HAROLD L. KING, et al.,

Plaintiffs,

v.

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,

Defendants.

CIVIL NO. 84-81-B

ANGELINE V. BOLL, et al.,

Plaintiffs,

v.

CIVIL NO. 84-82-B

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,	)	
Defendants.	)	
JAMES L. VAN DEE, et al.,	)	
Plaintiffs,	)	
v.	)	CIVIL NO. 84-83-B
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,	)	
Defendants.	)	

There are numerous motions in these related cases submitted after oral arguments on December 6, 1985. On April 18, 1984, this court ruled on several motions in *Reece* and *Newton,* and in a companion case, *Diltz v. Chicago and North Western Transportation Company, et al.,* Civil No. 83-642-B. The issues in the present set of motions are to a large extent controlled by the legal conclusions in those earlier rulings. Plaintiffs, who are represented by the same attorney, argue that this court should overrule its prior conclusions. The court is not inclined to do so, and the legal conclusions previously reached in *Reece, Newton,* and *Diltz* are reaffirmed.

All motions directed at claims based on section 105 of the Rock Island Act, 45 U.S.C. § 1004; claims based on section 122 of the Rock Island Act, 45 U.S.C. § 1017; and claims based on the March 4th, 1980, Agreement will be

granted and those claims dismissed. *See Reece,* slip op. at 3-7 (April 16, 1985).

The court has considered the individual situation of each plaintiff against whom the statute of limitation defense is directed and finds that all claims arose more than six months before the filing of the complaints. All motions based on the applicable six month statute of limitations will be granted and the corresponding unfair representation claims dismissed.[1] *See Newton,* slip op. at 5-9 (April 16, 1985); *Engelhardt v. Consolidated Rail Corp.,* 756 F.2d 1368 (2nd Cir. 1985); *United Independent Flight Officers, Inc. v. United Air Lines, Inc.,* 756 F.2d 1262 (7th Cir. 1985); *Metz v. Tootsie Roll Industries, Inc.,* 715 F.2d 299 (7th Cir. 1983), *cert. denied,* 104 S. Ct. 976 (1984).

At oral argument plaintiffs' counsel acknowledged that as to the statute of limitations defense most of the plaintiffs in these cases are essentially in the same position as the plaintiffs in *Newton.* In resistance to the motions for summary judgment only plaintiffs Stowe and Tollakson in *Boll* rely on evidentiary material to dispute or supplement the undisputed facts as submitted by defendants. As with the other plaintiffs, the court has consid-

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[1]At oral argument defendant Chicago and North Western Transportation Company (CNW) joined in defendant Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees' statute of limitations motion as to plaintiff Stowe in the *Boll* case. Defendant CNW asserted their statute of limitations defense as to plaintiff Tollakson in *Boll* and plaintiff Van Dee in *Van Dee* in a motion for judgment on the pleadings. Normally a statute of limitations defense is raised by motion for summary judgment; however, the court will consider CNW's motion in connection with the motions for summary judgment submitted by other defendants as to these same plaintiffs.

ered plaintiff Stowe's situation[2] and plaintiff Tollakson's situation[3] and determined that their claims are barred by the six months statute of limitations.

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[2]Plaintiff Stowe was informed of his seniority date change on August 19, 1982. His claim accrued at the latest after he received the June 10, 1983, letter. Plaintiff Stowe's argues that the refusal to act contained in the October 4, 1983, letter should be the basis for determining the commencement of the statute of limitations period. This argument is rejected. The commencement of the statute of limitations cannot be delayed or restarted by a plaintiff sending letters to the union after the union has indicated that the matter has been concluded.

[3]Plaintiff Tollakson was not hired under the March 4, 1980, agreement but was hired as a temporary employee on April 3, 1980, and discharged on September 6, 1980. He continued to communicate with BRAC concerning employment with CNW during 1981. In late 1981 he telephoned BRAC and said that he was filing a complaint against CNW and BRAC with the Iowa Commission for Human Rights. At that time he was advised that BRAC could do nothing further for him. Plaintiff asserts by deposition that during phone conversations in 1981 he was led to believe that a formal claim would be filed, but that BRAC would never tell him of or send him any copies of any action being taken on his behalf. He also asserts in deposition that he thought a claim had been filed. Plaintiff does not dispute that he never specifically requested that BRAC file a claim on his behalf nor does plaintiff assert that BRAC ever specifically stated that a formal claim had been filed. No communication between BRAC and plaintiff Tollakson is asserted to have occurred during 1982 or 1983 until plaintiff sent a letter to BRAC and BRAC responded with a letter dated September 27, 1983, stating in part, "in addition in the second paragraph of your letter you indicate that a position you had bid for in August 1980 or thereabout had been awarded to a junior employee. There is no record of a claim having been filed by you in that regard." Plaintiff Tollakson argues that, because he first discovered BRAC's failure to submit his claim when he received the September 27, 1983, letter, the date of that letter should serve as the commencement date for the statute of limitations. Plaintiff Tollakson does not claim that he made any effort between late 1981 until his letter in 1983 to investigate whether a claim had been filed. Plaintiff Tollakson's claim is barred by the six month statute of limitations.

These rulings dispose of all claims in *Reece*, all claims by engine service employees in *Newton*, of claims in *Chambers*, all claims except the claims against defendant Brotherhood of Locomotive Engineers (BLE) in *Swift*, all claims in *King*, all claims except the claims by plaintiff Boll in *Boll*, and all claims in *Van Dee*.

BLE moves to dismiss the claims against it in *Swift*, claiming that the summons and complaint were not served. The sheriff's return expressly shows that service was not accomplished. Plaintiff argues that counsel for BLE appeared at a mandatory scheduling conference in the *Reece*, *Newton*, and *Diltz* cases and that this appearance and the actual knowledge of defendant BLE of the *Swift* lawsuit are adequate to create service. Assuming that the appearance of counsel for BLE at the scheduling conference for *Reece*, *Newton*, and *Diltz* could be construed as an appearance in *Swift*,[4] an appearance before an objection to service is made does not waive the objection. *Burroughs Corp. v. Carsan Leasing Co.*, 99 F.R.D. 528, 531 (D.N.J. 1983); *see also* Fed. R. Civ. P. 12(h)(1) (stating when an objection to service of process is waived). Actual knowledge of a lawsuit by a defendant is not adequate to bar an objection to service of process. *Martin v. New York State Department of Mental Hygiene*, 588 F.2d 371, 373 (2d Cir. 1978).

Plaintiffs in *Swift* claim that their complaint against BLE should not be dismissed for failure to serve within 120 days as required under Fed. R. Civ. P. 4(j) because

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[4]The Order on Scheduling referred to by plaintiff does state that it was to be filed and have general application to *Swift*.

they have shown "good cause" within the meaning of Rule 4(j). They ask the court to give them additional time to properly serve BLE. I believe that absent a showing of prejudice to defendants I should be liberal when determining whether good cause exists under Fed. R. Civ. P. 4(j). However, in view of the fact that the sheriff's return expressly shows that service was not made, I cannot find good cause, even under a liberal standard. Plaintiffs' complaint will be dismissed without prejudice as against defendant BLE.

BRAC moves to dismiss and for summary judgment as to the claims by plaintiff Boll in *Boll,* asserting that the allegations fail to establish facts showing a breach by defendant BRAC of its duty of fair representation and asserting that the dispute resolution procedure has not been exhausted. The allegations are adequate and plaintiff Boll has no duty to exhaust her claim against the union prior to bringing suit in federal court. *See Raus v. Brotherhood Railway Carmen of the United States and Canada,* 663 F.2d 791, 795-96 (8th Cir. 1981).

IT IS ORDERED that all defendants' motions as to the section 105 claims, section 122 claims, and claims based on the March 4th, 1980, agreement are granted.

IT IS FURTHER ORDERED that all defendants' motions based on the statute of limitations are granted.

IT IS FURTHER ORDERED that BLE's motion to dismiss the complaint in *Swift* for failure to properly serve is granted.

IT IS FURTHER ORDERED that BRAC's motions to dismiss and for summary judgment as to plaintiff Boll's claims in *Boll* are denied.

IT IS FURTHER ORDERED that the complaints in *Reece, Chambers, King, Swift,* and *Van Dee* are dismissed, except that the *Swift* complaint is dismissed without prejudice as to defendant BLE.

IT IS FURTHER ORDERED that the unfair representation claims by engine service employees in *Newton* are dismissed.

IT IS FURTHER ORDERED that all claims except the unfair representation claims of plaintiff Boll are dismissed from the *Boll* case.

DATED this 19th day of February, 1986.

/s/ Harold D. Vietor
HAROLD D. VIETOR, Chief Judge
Southern District of Iowa

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF IOWA
CENTRAL DIVISION

(Filed February 19, 1986)

VANE NEWTON, et al.,	)	
	)	
Plaintiffs,	)	
	)	CIVIL
v.	)	NO. 83-641-D
	)	
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,	)	JUDGMENT
	)	
Defendants.	)	

JOHN E. REECE, et al.,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	CIVIL
	)	NO. 83-640-B
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,	)	
	)	
Defendants.	)	

JACK L. CHAMBERS, et al.,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	CIVIL
	)	NO. 84-79-B

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,

Defendants.

ROGER SWIFT, et al.,

Plaintiffs,

v. CIVIL NO. 84-80-B

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,

Defendants.

HAROLD L. KING, et al.,

Plaintiffs,

v. CIVIL NO. 84-81-B

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,

Defendants.

ANGELINE V. BOLL, et al.,

Plaintiffs,

v. CIVIL NO. 84-82-B

CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,	)	
Defendants.	)	
JAMES L. VAN DEE, et al.,	)	
Plaintiffs,	)	
v.	)	CIVIL NO. 84-83-B
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,	)	
Defendants.	)	

IT IS ORDERED AND ADJUDGED that all defendants' motions as to the section 105 claims, section 122 claims, and claims based on the March 4th, 1980, agreement are hereby granted.

IT IS FURTHER ORDERED AND ADJUDGED that all defendants' motions based on the statute of limitations are hereby granted.

IT IS FURTHER ORDERED AND ADJUDGED that BLE's motion to dismiss the complaint in *Swift* for failure to properly serve is hereby granted.

IT IS FURTHER ORDERED AND ADJUDGED that BRAC's motions to dismiss and for summary judgment as to plaintiff Boll's claims in *Boll* are hereby denied.

IT IS FURTHER ORDERED AND ADJUDGED that the complaints in *Reece, Chambers, King, Swift,* and

Van Dee are hereby dismissed, except that the *Swift* complaint is dismissed without prejudice as to defendant BLE.

IT IS FURTHER ORDERED AND ADJUDGED that the unfair representation claims by engine service employees in *Newton* are hereby dismissed.

IT IS FURTHER ORDERED AND ADJUDGED that all claims except the unfair representation claims of plaintiff Boll are hereby dismissed from the *Boll* case.

DATED this 19th day of February, 1986.

/s/ James R. Rosenbaum
JAMES R. ROSENBAUM, Clerk
Southern District of Iowa

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF IOWA
CENTRAL DIVISION

(Filed April 29, 1986)

ANGELINE V. BOLL, et al.,	)	
	)	
Plaintiffs,	)	
	)	CIVIL
v.	)	NO. 84-082-B
	)	
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,	)	NUNC PRO TUNC ORDER
	)	
Defendants.	)	

VANE NEWTON, et al.,	)	
	)	
Plaintiffs,	)	
	)	
v.	)	CIVIL
	)	NO. 83-641-D
CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, et al.,	)	
	)	
Defendants.	)	

Plaintiffs have moved in the *Boll* and *Newton* cases for a determination and direction for entry of final judgment under Fed. R. Civ. P. 54(b). Oral arguments were heard on April 28, 1986.

The court determines pursuant to Fed. R. Civ. P. 54(b) that as to the rulings of this court entered on February 19, 1986, in the *Boll* and *Newton* cases, and entered on

April 16, 1985, in the *Newton* case, there is no just reason for delay in entering judgment. This determination as well as a direction to the clerk to enter judgment should have been made a part of the February 19, 1986, order. The clerk's entry of judgment in the *Boll* and *Newton* cases dated February 19, 1986, shall stand as the judgment of this court under Fed. R. Civ. P. 54(b).

DATED this 29th day of April, 1986.

/s/ Harold D. Vietor
HAROLD D. VIETOR, Chief Judge
Southern District of Iowa

STATUTES INVOLVED

ROCK ISLAND TRANSPORTATION AND EMPLOYEE ASSISTANCE ACT

Section 105 (45 U.S.C. § 1004).

a. Each person who is an employee of the Rock Island Railroad on August 1, 1979, and who, prior to January 1, 1981, is separated of furloughed (other than for cause) from his employment with such railroad, or from his employment with another rail carrier providing temporary service over lines on the Rock Island Railroad, as a result of a reduction of service by such railroad or such temporary service carrier shall, unless found to be less qualified than other applicants, have the first right of hire by any other rail carrier that is subject to regulation by the Commission for any vacancy which is not covered by (1) an affirmative action plan, or a hiring plan designed to eliminate discrimination, that is required by Federal or State statute, regulations, or Executive order, or by order of a Federal or State court or agency, or (2) a permissible voluntary affirmative action plan. For purposes of this Section, a rail carrier shall not be considered to be hiring new employees when it recalls any of its own furloughed employees.

b. The rights afforded to Rock Island railroad employees by this section shall be coequal to the rights afforded to Chicago, Milwaukee, St. Paul and Pacific Railroad Company employees by Section 8 of the Milwaukee Railroad Restructuring Act. (45 U.S.C. 907).

Section 122 (45 U.S.C. § 1017).

(a) The Commission may authorize any rail carrier willing to do so voluntarily to use the tracks and facilities of the Rock Island Railroad or the Milwaukee Railroad. The use of such tracks and facilities shall be under such terms of compensation as the carriers establish between themselves, or if the carriers are unable to agree, under such terms of compensation as the Commission finds to be reasonable.

(b) In carrying out the provisions of this section, the Commission shall require, to the maximum extent practicable, the use of the employees who would normally have performed work in connection with the traffic subject to the action of the Commission.

(c) As used in this section, the term "Milwaukee Railroad" means the Chicago, Milwaukee, Saint Paul and Pacific Railroad Company.

REGIONAL RAIL REORGANIZATION ACT, as amended

(Title 45)

§ 797b. Preferential hiring

(a) General

Any employee who is deprived of employment shall have the first right of hire by any other railroad for a vacancy for which he is qualified in a class or craft (or in the case of a non-agreement employee, for a non-agreement vacancy) in which such employee was employed by the Corporation or a predecessor carrier for not less than one year, except where such a vacancy is covered by (1) an affirmative action plan, or a hiring plan designed to elimi-

nate discrimination, that is required by Federal or State statute, regulation, or Executive order, or by the order of a Federal court or agency, or (2) a permissible voluntary affirmative action plan. For purposes of this section, a railroad shall not be considered to be hiring new employees when it recalls any of its own furloughed employees.

(b) Status

The first right of hire afforded to employees under this section shall be coequal to the first right of hire afforded under sections 907 and 1004 of this title.

§ 797c. Central register of railroad employment

(a) Register

(1) The Railroad Retirement Board (hereafter in this section referred to as the "Board") shall prepare and maintain a register of persons separated from railroad employment after at least one year of completed service with a railroad who have declared their current availability for employment in the railroad industry. The register shall be subdivided by class and craft of prior employment and shall be updated periodically to reflect current availability.

(2) Each entry in the register shall include, or provide access to, basic information concerning the individual's experience and qualifications.

(3) The Board shall place at the top of the register those former railroad employees entitled to priority under applicable provisions of law, including this chapter.

(b) Corporation employees

As soon as is practicable after August 13, 1981, the Corporation shall provide to the Board the names of its former employees who elect to appear on the register and who have not been offered employment with acquiring railroads.

(c) Vacancy notices

(1) Each railroad shall timely file with the Board a notice of vacancy with respect to any position for which the railroad intends to accept applications from persons other than current employees of that carrier.

(d) Placement

The Board shall, through distribution of copies of the central register (or portions thereof) to railroads and representatives of classes or crafts of employees and through publication of employment information derived from vacancy notices filed with the Board, promote the placement of former railroad employees possessing requisite skills and experience in appropriate positions with other railroads.

(e) Employment applications

In addition to its responsibilities under subsections (a) through (d) of this section, the Board shall facilitate the filing of employment applications with respect to current vacancies in the industry by former railroad employees entitled to priority under applicable provisions of law, including this chapter.

(f) Expiration

The provisions of this section shall cease to be effective on the expiration of the 6-year period beginning on August 13, 1981.

(g) Resolution of disputes

Any dispute, grievance, or claim arising under this section, section 797b of this title, section 907 of this title, or section 1004 of this title shall be subject to resolution in accordance with the following procedures:

(1) Any employee with such a dispute, grievance, or claim may petition the Board to review and investigate the dispute, grievance or claim.

(2) The Board shall investigate the dispute, grievance, or claim, and if it concludes that the employee's rights under this section, section 797b of this title, section 907 of this title, or section 1004 of this title may have been violated, the dispute, grievance, or claim shall be subject to resolution in accordance with the procedures set forth in section 153 of this title.

(3) In the case of any violation of this section, section 797b of this title, section 907 of this title, or section 1004 of this title, the Adjustment Board (or any division or delegate thereof) or any other board of adjustment created under section 153 of this title shall, where appropriate, award such relief, including back pay, as may be necessary to enforce the employee's rights.

§ 797m. Arbitration

Any dispute or controversy with respect to the interpretation, application, or enforcement of the provisions of this subchapter, except sections 797b, 797c, 797g, and 797l of this title, or section 1144 of the Northeast Rail Service Act of 1981, and except those matters subject to judicial review under section 1152 of the Northeast Rail Service Act of 1981 [45 U.S.C.A. § 1105], which have not been resolved within 90 days, may be submitted by either party to an Adjustment Board for a final and binding decision thereon as provided in section 153 of this title, in which event the burden of proof on all issues so presented shall be on the Corporation, or the Association, where appropriate.